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NEWS SUMMARY

GENERAL

Snowdon to wed TV girl today

Lord Snowdon, divorced from Princess Margaret in July, will marry Lucy Lindsay-Hogg, a television researcher, at Kensington register office in London today.

Mrs. Lindsay-Hogg, aged 31, was formerly married to the film producer Michael Lindsay-Hogg. She will now become the Countess of Snowdon.

Lord Snowdon said there would be no honeymoon as both he and his bride are busy working.

Iran crackdown

As talks resumed between the Shah and prominent Iranians seeking an end to the crisis, the military regime announced tough measures to end demonstrations and break strikes. Most demonstrations will be banned and ministries and other public bodies have been told to sack anyone not doing his job. Page 3

Israel meeting

Israel's Cabinet will today consider Egypt's new peace treaty demands. U.S. Secretary of State Cyrus Vance was unable to persuade the Israelis to compromise at talks yesterday. Page 3

Express wins

Express Newspapers obtained a High Court injunction forcing journalists to handle copy from the Press Association, "blacked" throughout Fleet Street in support of a provincial pay claim. Back Page

Envoy returns

British envoy Cledwyn Hughes arrived back in London from his African tour but there is no sign that significant progress has been made in attempts to convene an all-party conference on Rhodesia.

Inquiry blank

A Government inquiry has failed to discover how a confidential Treasury document was leaked to Labour MP Brian Sedgemore, who was sacked as Anthony Wedgwood Benn's Parliamentary Private Secretary after the revelation.

Gibraltar talks

Spain and the UK have resumed talks about reopening sea and communications links between Spain and Gibraltar, which were cut by the Spanish nine years ago.

No Kagan move

Israel said it had not received a request for the extradition of Lord Kagan, wanted by British police in connection with exchange control allegations. Lord Kagan's wife and son were among five people who appeared in court at Leeds on Wednesday.

Chaplin verdict

Roman Wardas, a Polish refugee, was jailed for 4½ years in Switzerland for digging up the body of Charlie Chaplin and trying to sell it to the comedian's family.

Test doubts

England's cricket selectors were waiting for last-minute fitness tests on Chris Old and Geoff Miller before settling on a team for the second Test against Australia in Perth.

Briefly . . .

Zambian President Kaunda had secured up to 80 per cent of the votes with only a handful still to count in the Presidential election.

Pope John Paul II has appealed to Bulgaria to give the church more freedom to carry out its mission.

Opinion poll in Paris Match says 56 per cent of French people favour the re-introduction of State-run brothels.

A BBC tape of the Queen's Christmas message is being flown out to the Pacific island of Tuvalu in time for Christmas Day.

Japanese police have arrested 1,823 gangsters in a two-month crackdown on crime.

Lisbon police have held seven militants and seized posters attacking President Eanes.

Asian Games boxing tournament was suspended when fan rioted after a Thai had lost.

BUSINESS

Equities off 2.8: gold up $1

● EQUITIES continued unsettled on political uncertainties. FT 30-share index fell 2.8 to 477.9 for a four-day loss of 15.4. Gold Mines Index slipped 2.0 to 131.9.

● GILTS: Shorts registered losses to ¼. Longs lost marginally. Government Securities index closed 0.12 down at 68.60.

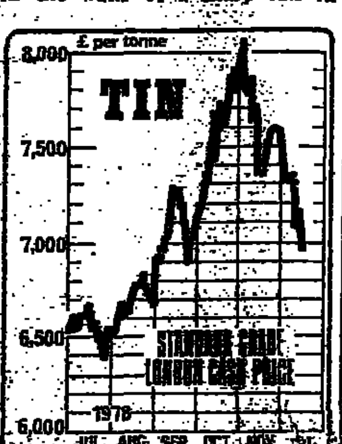
● GOLD rose $1 to $203¾. December Comex settlement price: 204.30 (201.70).

● STERLING was unchanged at $1.9765. Trade-weighted average was 63.1 (63.2). Dollar's depreciation was 8.6 (8.5) per cent.

● WALL STREET closed up 2.68 at 812.54.

U.S. money supply: M1 rose to $360.7bn ($358.7bn), M2 increased to $872.1bn ($870.6bn).

● TIN PRICES dropped again on the London Metal Exchange in the wake of a sharp fall in



Penang overnight. Cash tin lost £97.50, ending at £6,962.50 a tonne. Page 37

● BALANCE of payments current account slipped back to a deficit of £72m last month, continuing this year's pattern of sharp month-to-month fluctuations. Back Page

● MONEY SUPPLY (sterling M3) increased by only £103m last month, mainly because of heavy sales of gilt-edged stock. Back Page

● IRISH Government postponed a decision on whether the country will join the projected European Monetary System next January 1.

● LOANS and grants totalling £111m for UK development projects and other forms of investment were announced by the European Commission, on behalf of the European Regional Development Fund, and the European Investment Bank.

● BRITAIN and other oil exporters who are not members of OPEC are to meet an OPEC delegation in London in February to decide areas of common interest and possible co-operation. Back and Page 22

● ABOUT 800,000 motorists insured with Eagle Star Insurance, the UK's third biggest motor insurer, face higher premiums from Jan. 1, only six months after the previous increase. Back Page

● SCOTLAND'S 5,000 private haulage lorry drivers have voted to strike from January 3 in a re-run of the 1974 stoppage, also over pay, which crippled the delivery of supplies to industry throughout the region. Page 7

● HARLAND AND WOLFF, the publicly-owned Belfast shipyard, disclosed losses of £7.8m on work carried out last year, against losses of £600,000 in 1976. Page 5

● CUSTOMS and Excise is investigating if VAT can be eliminated in transactions between registered traders. Back Page

COMPANIES

● BASS CHARRINGTON pre-tax profits totalled £105m (£90.4m) on sales of £1.01bn (£904m) for the year ended September 30. Page 24 and Lex

● ICL pre-tax profits rose 24 per cent to £37.5m on turnover up 22 per cent at £509.4m in the year to September 30. Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bass Charrington	171	+ 4
Distillers	203	+ 4
English Prop.	39	+ 2½
Haslemere Ests.	258	+ 4
London Pavilion	975	+ 150
Prince Wales Hotels	89	+ 4
Rowton Hotels	149	+ 3
Sketchley	136	+ 7
Trafford Carpets	28	+ 2
FALLS		
Treas. 8½pc 1980-82	£90½	− ¼
Braithwaite	104	− 7
Cawdaw	32	− 3
Coral Leisure	108	− 8
Crystalate	31½	− 2
EMI	141	− 7
Ferranti	355	− 30
Greenall Whitley	118	− 6
Heywood Williams	148	− 5
Magnet Southerns	128	− 7
Strong and Fisher	67	− 3
Turner and Newall	189	− 5
Utd. Scientific	250	− 10
Impala Plat.	176	− 8
Westfield Minerals	295	− 55

CABINET ABANDONS SANCTIONS ON PAY

Government survives with majority of 10

BY RICHARD EVANS, Lobby Editor

THE GOVERNMENT survived the crucial vote of confidence relatively comfortably in the Commons last night to enable Mr. ames Callaghan's beleagured minority administration to continue in office into next year.

But the double defeat for the Government on Wednesday forced the Cabinet to abandon discriminatory sanctions against privae companies which breached the 5 per cent pay guidelines.

The vote of confidence demanded by Mr. Callaghan to salvage what he could from the damaging defeats, won by a Government majority of ten, was satisfactory enough in the circumstances.

The Government's survival depended on the abstention of seven Ulster Unionists and two Scottish Nationalists, plus support from two Welsh Nationalists and one Liberal.

But the Government is now left with its counter-inflation policy crippled and the prospect of being forced to go to the country earlier next year than Mr. Callaghan might have wished.

Mr. Callaghan made it clear during the debate that the Government would continue to fight to keep inflation to single figures.

Mr. Callaghan, having assessed with the Cabinet in the morning the damage inflicted on the Government's economic strategy, did not specify what action if any would be taken to ensure that the counter-inflation objective was maintained.

He placed great emphasis on the need to reach a viable consensus in talks starting next Tuesday between Ministers and TUC leaders, and with the CBI shortly, and warned of the prospect of hyper-inflation should employers take the "soft option" and buy industrial peace.

Robust

So far there is no sign that Ministers are preparing to curb the money supply or increase taxation to ensure that the counter-inflation policy remains effective. But these remain weapons that could be used in the future, provided Ministers are prepared to take the economic and political consequences.

In a robust speech in which he challenged the minority parties to force an immediate election and put the Government's policies to the test, the Prime Minister confirmed that the Cabinet's view was that sanctions could no longer be operated.

"In accordance with the resolution of the House (Wednesday night's defeat) the Government will no longer use such powers for that purpose," he declared.

"Firms that have been told that discretionary action will be taken against them will be informed. The Government will give further details in due course."

Although he accepted the Commons decision, in the Premier's view the result was that the Government would now be fighting inflation with one hand tied behind its back.

"The Government is not willing to give up this fight, however, the progress we have made is too substantial to throw away."

There remained one formidable sanction that industry would have to consider, and that was the result of a wages free-for-all now that the threat of discriminatory Government action had been lifted.

"If the private sector is not willing to stand firm in the battle against inflation and if it takes the soft option of buying industrial peace and passing it on to consumers in high prices, then private industry will face with the rest of the country the consequences once again of tumbling towards hyper-inflation."

Mrs. Margaret Thatcher, the Conservative Leader, called for a January General Election, and claimed that the Government had no vestige of economic policy relevant to the nation's needs.

In a surprisingly disjointed speech she accused the Prime Minister of making no attempt to explain how the Government intended to deal with the consequences of the two defeats.

Amid Tory cheers Mrs. Thatcher maintained that with no agreement on policy, all that now united the Government was a determination to cling to office without effectively discharging any of its responsibilities.

Conviction

There is a growing conviction among Ministers that the Government's retention of power will become increasingly difficult in the New Year as the carrots proffered for minority support are steadily consumed.

The Bill increasing the number of Northern Ireland seats at Westminster will be completed by the Commons in the first week that MPs return from the Christmas recess, and there will be no reason for the Nationalists to support the Government after the referendums on March 1.

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Public sector unions to put on pressure

BY CHRISTIAN TYLER

THE END of sanctions against private companies will put the Government under far greater trades union pressure to be more flexible in aublic sector negotiations where it has virtually complete control.

TUC demands for "equal treatment," especially for public service workers, will first be put to the Chancellor on Tuesday probably before the Prime Minister meets the TUC and the CBI to explain the implications of his decision.

Some kind of announcement clarifying the policy is expected in the next day or two. Meanwhile Government departments are reviewing the arsenal of weapons they have used or threatened to use against companies breaching the pay policy.

The action already taken against Ford Motors is likely to be rescinded quickly, and the company said it was "naturally pleased." Action against British Oxygen — found guilty of a breach — will be withheld. Other settlements under review, including the seamen's and the garage mecanics," will probably now go through.

It is expected that the "black-list" of offending companies will be the first casualty. It is not clear however, whether companies willl be excused having to sign contract clauses pledging adherence to the 5 per cent limit before receiving Government work.

But applications for Government aid of various kinds, including Temporary Employment Subsidy and export credit guarantees are likely to be restored to their old basis.

Government monitoring of productivity deals—required to be self-financing under the pay policy—could be rendered less effective.

Mr. Callaghan's decision also raised the question whether the Price Commission would be asked to play a more positive role on wages.

Yesterday Mr. Charles Williams, its chairman, said in launching the commission's quarterly report: "There is no question of the commission either adopting or trying to operate any form of guideline for wages and salaries."

He said the commission would, in any case, be taking a tougher line in the coming months with companies which tried to push cost increases through into prices. Unit labour costs could not be allowed to rise by more than 5 or 6 per cent if the aim of keeping inflation at or below its present level was to be achieved.

The TUC, which has formally rejected sanctions along with the 5 per cent limit, made no comment yesterday, but the CBI, which has also opposed sanctions, welcomed the move.

Continued on Back Page

Euro-Parliament sticks to its guns over increase in budget

BY ELINOR GOODMAN

LUXEMBOURG — The European Parliament yesterday approved a substantial increase in the Community's budget — a rise much larger than that favoured by the majority of member Governments. The result could be an unprecedented confrontation between the Community's institutions in the European Court.

Unless the Council of Ministers accepts the package when it meets next week, the two bodies responsible for allocating the Community's finances seem set on collision course.

This means that the sumbersome emergency procedure for dealing with a disputed budget may be brought into force in January. Eventually the European Court may be asked to arbitrate.

The disagreement centres on the Parliament's demand that the regional fund should be increased next year by more than 60 per cent.

When the Council of Budget Ministers met last month, they rejected other Parliament amendments but failed o get the necessary majority to kill the Parliament's proposal for increasing the regional fund, despite very strong French opposition.

Authority

The Parliament, which seemed determined to demonstrate its authority over the budget before handing over to an lected body next year, yesterday rfeused to compromise.

It approved a Community budget for next year of £9.2bn. Included in this figure is the disputed £670m for the regional fund, which survived the scrutiny of the Council of Budget Ministers last month only because the British and Italians refused to allow a reduction by other Finance Ministers of the Nine.

Technically the Parliament has the last word on this kind of "non-obligatory" spending, but the Council may argue that the MPs have overstepped the mark.

The maximum amount by which the Parliament can amend the Commission's proposals has already been jointly negotiated with the Council at 11.4 per cent of the total. The Council will claim that this does not leave enough head-room to pay the extra amount to the regional fund.

The signs yesterday, however, were that both bodies wanted to avoid a bruising clash in the Court and that they were keen to patch up their differences in some form of negotiated settlement.

MPs, elated by the unusual taste of power, were expecting the initiative to come from the Council.

Background Page 2

£ in New York

—	Dec. 14	Previous
Spot	$1.9740-9760	$1.9770-9780
1 month	0.41-0.36 dis	0.50-0.40 dis
3 months	1.13-1.08 dis	1.15-1.05 dis
12 months	4.05-3.90 dis	4.00-3.90 dis

Inflation rate likely to remain steady

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission index, which reflects the increases in prices over the past six months expressed as an annual rate, rose slightly in November to stand at 4.8 per cent. The corresponding figure for October was 4.6 per cent.

The commission's index is usually taken as an indicator of the future trend of the inflation rate, since price rises notified to the commission take some two to three months to work their way through to retail prices.

The slight increase for November, therefore, suggests that there is unlikely to be any sharp fall in the inflation rate early next year. But the change is not substantial enough to indicate any significant increase.

The latest Retail Price Index is due to be announced by the Department of Employment today. Last month the 12-month index was 7.8 per cent.

A Central Statistical Office investigation released yesterday suggested that the wholesale price index was only weakly connected with the commission's index, but that a stronger relationship existed with the retail price index.

But one problem with this relationship is that it ignors items that are exempt from notification to the commission, such as rent, rates and second hand car prices.

The commission has therefore made a further study which separates the exempted and other parts of the retail price index. This revealed that the index closely followed the parts of the RPI that were not exempt from notification — which represented almost three-quarters of the RPI — after a lag of about three months.

English Property Corporation considers £40m takeover bid

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

ENGLISH Property Corporation, Britain's second largest property group with book assets of £770m, was considering a £40.4m cash takeover bid last night.

NV Beleggingsmaatschappij Wereldhave, the Netherlands' largest quoted property group, has stepped into the open with a 37p a share cash for EPC just a month after secret takeover negotiations with the British group were broken off.

EPC's board, which expressed surprise at the announcement, has issued a holding statement to shareholders ahead of today's normal monthly board meeting, advising shareholders to take no action at the moment.

Mr. David Llewellyn, who stepped down as EPC's chief executive in November, said yesterday that he could not as a director comment on the bid. But as one of EPC's largest private shareholders he describes the offer as "derisory"—a view shared privately by a number of his fellow directors and by directors of Eagle Star Insurance, which holds 27.2 per cent of EPC's shares.

Wereldhave, advised by Merchant bankers Morgan Grenfell, has had on-off talks with EPC for the past six months. In the summer EPC announced that bid discussions had broken down. But it is now clear that Wereldhave continued its talks until early November, when EPC decided not to proceed with plans to sell its overseas properties valued at £645m, including its 51 per cent stake in the giant Trizac property group of Canada.

Wereldhave's bid, which would be financed initially by a consortium of Dutch banks and later by equity issues in the Netherlands and Britain, offers 37p for each ordinary share, 74p cash for each preference share and £86.58p cash for EPC's 6¼ per cent Convertible Unsecured Loan Stock.

The offer is conditional on 90 per cent acceptance from ordinary shareholders, no referral to the Monopolies Commission, exchange control approval and, more critically, consent to the bid under the Foreign Exchange Review Act of Canada—without that consent no bidder for EPC could take over the group's holding in the Canadian Trizec Corporation.

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FEATURES

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European assembly defies Council

BY GILES MERRITT

BRUSSELS — "It is as if a frightened rabbit had bitten the stoat," remarked one observer of the unprecedented constitutional clash between the European Parliament and the EEC Council of Ministers that has been riveting the Community's attention on Luxembourg this week.

For the Common Market's well-oiled administrative and legislative machinery has suddenly ground to a halt in a row over the size of the 1979 Community budget, and of the Regional Fund. In the absence of a solution, the New Year will see the introduction of a safety-net "one-twelfth" system of averaged monthly payments until the dispute is finally settled.

But the confrontation also has considerable political implications. With next June's direct elections to an enlarged 410-seat Parliament drawing closer, there is lively speculation that the European Parliament is beginning to flex its muscles. The danger is that it could set off a political chain reaction in national parliaments that are already wary of the European assembly, notably those of France and the UK, and so compromise direct elections.

The European Parliament's action is already being seen, particularly by France's Gaullists, as a direct challenge to the authority of the EEC Heads of Government, who last week decided at their Brussels summit that there would be no major increase in the Regional Fund.

So far, however, the matter at issue is the total EEC budget for next year. The difference between the £8.202bn figure that the Council set and the £9.180bn level of commitments that the Parliament is insisting upon is largely accounted for by the Parliament's demands that the Regional Fund should be increased by more than 80 per cent over the 1978 level.

The wrangle between the Parliament and the Council over budgetary commitments has become a ritual dance since 1975, with the Parliament doggedly proposing increased spending in its amendments to the EEC Commission's provisional draft budgets, and the Council disposing of these through its powers of rejection.

This year, however, to its own surprise, the Parliament found that thanks to a technical hitch its amendments had gone uncontested. When the Council met in Brussels in November 20, it failed to vote down the amendments by the necessary qualified majority of 41 votes out of 58.

That failure was part of an internal disagreement between member countries over the size of the Regional Fund and its possible use as a means of transferring resources within the context of the European Monetary System (EMS).

Britain was one of the voices, seconded by Italy, demanding an increase in the Regional Fund, and the upshot was that the European Parliament's proposal that it be increased from £365m this year to £692m in 1979 was allowed to stand.

What the Council of Ministers did not count on was that, having gained a procedural victory by default, the normally complaisant European Parliament would stick to its guns. This week in Luxembourg it has followed the new hard line of its budget committee and refused to let the Council of Ministers bend the rules.

The line is that the Council had its statutory chance to reject the amendments that would increase the budget, but forbore to do so. As Mr. Geoffrey Rippon told yesterday's session of the Parliament: "Let the Council now take themselves to court if they wish to."

He meant by that the possibility that the Council could lay the matter in front of the European Court of Justice for a ruling. It may, indeed, come to that, although the Brussels Commission is currently casting around for a fresh compromise.

It will not be easy, however, for the procedures and timetable for preparing the Community budget are clearly laid down in Article 302 of the Rome Treaty, and the Parliament is arguing that its budget must be implemented. Procedurally, the ball is firmly in the Council's court.

In practical terms, though, it is unlikely that the European Parliament will be allowed to get away with its defiance of the EEC member Governments. The odds in Brussels are that in the New Year they will begin to contribute funds to the Community on the basis of their own agreed budgetary recommendations.

The true significance of the confrontation is that it has focused attention on the Parliament's powers. These are much wider than is generally realised, for the good reason that they have never been used.

They range from challenging the budget, and even rejecting it outright, to dismissing the European Commission. And once the implications of that begin to sink home in the capitals of the Nine, it could well be that the whole question of the directly-elected Euro-Parliament will be reopened.

Bundesbank cuts banking liquidity

BY JONATHAN CARR

BONN — The Bundesbank yesterday announced steps designed to emphasise at home and abroad that it has no intention of curbing its battle against inflation in West Germany next year.

The Bundesbank council meeting in Frankfurt not only agreed that from January 1 the liquidity of the domestic banking system would be reduced through a cut by DM 5bn to DM 22bn in rediscount quotas. It also decided that the growth of central bank money supply should be within a range of 6 per cent to 9 per cent between the last quarter of this year and the same period of 1979.

The decision now on the money supply target came as something of a surprise. Dr. Otmar Emminger, the Bundesbank President, indicated a fortnight ago that it would be no tragedy if no such target were named until January.

It is clear that in the meantime pressure for an early statement has grown on the ground that silence might be misinterpreted as a sign that the Bundesbank was watering down its stability policy.

This year the Bundesbank has been criticised by some for permitting the 8 per cent money supply growth target it set for 1978 to be exceeded. The figure is expected to be 11.5 per cent, an overshooting which brought suggestions that the experiment of naming a target at all should be dropped.

The Bundesbank argued that, given the weak economic performance for the first half of the year, a tight money supply policy could not be tolerated. The danger of inflation was greatly reduced by both the rise of the Deutschemark, which cut import prices, and by the stability of food prices. The upshot is that despite the money supply increase, the 1978 inflation rate will average about 2.5 per cent.

However, next year the economy is expected to be more buoyant, with a 4 per cent real growth rate of GNP against this year's expected 3 per cent. Further, the operation of the European Monetary System (EMS), due to begin on January 1, has been thought likely to increase currency intervention by the Bundesbank. These factors together would appear to imply a higher inflation rate and that is what many experts have been predicting.

Bundesbank leaders have given individual warnings against this assumption and have now taken steps collectively to back up their stand. It might be expected that the announcement would bring fears from some that the economy is being squeezed again even as it starts to gather pace. But the reaction from industry and business has been positive, with the savings banks stressing that it is really the lower limit—that is 6 per cent growth in money supply—at which the Bundesbank should aim particularly.

Steelworkers warned of threat to industry

BY OUR OWN CORRESPONDENT

BONN—Striking West German steelworkers were warned yesterday that if they continued their action into the New Year the industry would lose more than DM 500m (£132.8m) and its future existence would be threatened.

The statement here by Herr Hans-Josef Weisweiler, leader of the Iron and Steel Employers Association, came on the sixteenth day of the strike which, together with lockouts, has made idle 80,000 out of 200,000 steelworkers.

Already the action is estimated to have cost the steel companies more than DM 300m in lost production and the trade union IG Metall more than DM 30m in strike pay. There are signs that West German companies needing steel are increasingly looking abroad for it, and are being asked to conclude long-term contracts which would mean lost customers for the domestic steel industry.

Despite the efforts of a political mediator, there is still no sign that the two sides are ready to sit down together and seek a compromise on the key issue—progressive introduction of a 35-hour week.

Both insist they are defending an important principle. The employers say such a move would cost them DM 1bn in additional costs, force further rationalisation and mean fewer jobs. The union says the move would help preserve jobs, and that several other West European countries are further along the road to a 35-hour week in the steel industry.

Despite the argument on the principle, which seems more bitter now than two weeks ago, it is clear that the employers are ready to offer a cut in working time which would imply a move towards the 35-hour week.

Details of an employer offer made privately to the mediator and disclosed yesterday include two days extra holiday for all steel workers, and four free shifts a year for all those who have to work at night (about half the labour force).

This can be calculated as a 40-hour week less 40 minutes. But the employers are not prepared to see it put this way on a formal agreement and the trade union maintains that any accord must include such a formulation. The stalemate therefore continues and the rhetoric becomes harsher.

Unemployed down 1.1% in France

By David White

PARIS—The depressed atmosphere that descended on the French labour scene with the latest round of steel industry cutbacks lifted a little yesterday with the announcement of a slight drop in overall unemployment.

The number of people looking for work last month dropped by 1.1 per cent, from 1.34m to 1.33m. Seasonally adjusted, the reduction was 1.2 per cent.

The Labour Ministry said the improvement came as a result of the employment pact offering incentives to companies to employ young people. But the situation, it said, was still fragile.

This note of caution is backed by figures showing a continuing shrinkage of jobs on offer. The number of unfilled employment offers fell 8.8 per cent in November to 79,400. Seasonally adjusted, the figure was in fact 1.5 per cent higher than in the previous month, but still over 18 per cent down on the number of openings available a year earlier.

The number of job-seekers has meanwhile increased 11.1 per cent over the year, or 12.3 per cent on a seasonally adjusted basis.

M. Raymond Barre, the Prime Minister, told the National Assembly on Wednesday that the Government would reinforce its efforts to create new jobs in the regions hit by steel redundancies, which between 1977 and the end of 1980 will total 37,000.

A priority programme for new industry in the northern region where the major steel company Usinor is reducing its activity would be brought out in January, he said.

Eanes may block electoral law

BY JIMMY BURNS

LISBON — In a move that could force Portugal's political parties to decide whether to press for an early general election, the Council of the Revolution, the constitutional watch-dog, headed by President Antonio Ramalho Eanes, has declared the electoral law unconstitutional.

The law was passed by Parliament in October when it created the legal framework for holding a general election before the 1980 date laid down in the constitution. Following the Council's decision, however, the President can now exercise his right of veto and return the law to Parliament without signing it.

According to the constitution, the Act cannot be promulgated unless Parliament approves it again by a two-thirds majority. This majority would not be forthcoming on the basis of the present parliamentary support for the law. The Act was originally approved by a combined vote of the Socialists and the Communists. The Social Democrats (PSD) and the Christian Democrats (CDS) voted against it. The latter parties wanted to make voting in the election compulsory and to alter constituency boundaries but both these items were left out of the law.

The presidential veto is expected to place Parliament in a quandary. The promulgation of a new electoral law could take months.

The parties could still leave open the possibility of an early election, however, by coming to a fresh agreement and ensuring the safe passage of the present law by the two-thirds majority required.

No official reason has been given for the Council's surprise announcement made late last night, but the timing of the decision is significant. It comes less than 24 hours after the Government survived a rejectional motion in Parliament.

The delay in creating the legal mechanism for an early election afforded by the Council's veto could mean a period of relative stability for Sr. Carlos Mota Pinto and his administration. On the other hand, the blocking of an Act of Parliament by the President could provoke a fresh confrontation between Gen. Eanes and the Socialist party. But given the Socialists' lack of enthusiasm for an early election, this is unlikely.

Communist officials attack China

BY PAUL LENDVAI

VIENNA — Despite a Romanian call for "friendship and solidarity," most speakers at the high-level international ideological conference in Sofia have levelled sharp attacks both at China and, less directly, against the "Euro-Communists" who sent only second-echelon delegates to the conference.

The importance of the meeting, organised by the Bulgarian party and the Prague-based international Communist monthly, Problems of Peace and Socialism, is reflected in the presence of 21 chairmen or First Secretaries and 79 Politburo members or Central Committee Secretaries, representing 73 Communist parties from Europe, Asia, Africa and the U.S.

Although the Bulgarian President, Mr. Todor Zhivkov stressed in his opening speech that the conference was not a decision-making body but rather a scientific conference, both he and Soviet central committee secretary, Mr. Boris Ponomaryov gave the go-ahead signal for a general campaign against China.

Perhaps the sharpest speech was delivered by Mr. Vasil Bilak, the Czechoslovak Presidium member and Central Committee Secretary. In a clear allusion to the "neutralistic" Romanians, he stated with regard to Chinese policy that it was not a question of divergencies between the Soviet and the Chinese Party, as "some want to present it," but of a "general opposition to progress and peace."

Mr. Bilak also warned that the events of 1968 in Czechoslovakia showed how dangerous and disastrous anti-Soivetism was. Mr. Bilak expressed fears about attempts aimed at setting up a "China-U.S.-Japan axis."

The same theme was repeated with slight variations by all other speakers. Thus the first secretary of the Communist Party of Paraguay, Mr. Antonio Maydane, accused China of supporting the Fascists dictatorships in Chile and Nicaragua and the facist régime in South Africa. Mr. Guas Hall, elader of the U.S. Communist Party, condemned the "Sino-Japanese-U.S. imperialist axis," while the hard-line Portuguese leader, Mr. Alvaro Cunhal, also spoke about "close co-operation of the Peking leaders with the most reactionary imperialist forces."

All speakers linked the attacks against China with declarations of solidarity with the Soviet leadership.

FRENCH TELECOMMUNICATIONS INDUSTRY

Fewer jobs as the electronic sprint starts

BY DAVID CURRY IN PARIS

THE DECISION by CIT-Alcatel to cut its workforce by 920 people by mid 1980 heralds the onset of the much-forecast employment crisis in the French telecommunications industry.

The industry's trade association SITT has said that over the next three or four years around 15,000 jobs must disappear. Put against the industry workforce of some 90,000 (including areas like cables) this may seem relatively modest in relation to present job-shedding practice in France. But, in fact, the reductions will come almost entirely in the single area of switching gear.

Many of these jobs will be lost in the regions where France has made a big effort to install high technology industry — like Brittany. They will also, for the most part, mean redundancies among women.

CIT-Alcatel does not disguise the fact that its 920 jobs to be lost are only a first batch. The ITT subsidiary CGCT has said that it reckons it will find itself with 10 per cent too many people in 1979.

Thomson, the pole around which the French Government has built up France's presence in switching technology, is trying hard to sprint into the all-electronic age, and will also find itself over-manned.

There are two related reasons for the employment problem. The first is that France is well on the way to catching up with the rest of Europe in the size of its telephone network. The PTT — the Post Office — is in the middle of a FFr 130bn (£15.1bn) programme to instal 20m lines by 1982. When this programme ends, industry faces an order famine: instead of receiving orders for the installation of around 2.5m-2.7m new lines a year the figure will drop to around 1.5m.

The second reason is that France, having begun its massive equipment programme using traditional cross-bar technology, and then adopting space-switching, has decided now to go the whole hog for temporal or digital systems — and this new technology requires far less manpower.

With long-distance capacity to some extent satisfied, the PTT's orders for transmission equipment are dropping off. It is reckoned that 2,000 of the 15,000 people in this sector will lose their jobs. The companies affected will be CIT-Alcatel, which is part of the giant engineering concern Compagnie Generale d'Electricite. LTT which is part of the Thomson group, the independent concern SAT, and the Philips subsidiary TRT.

But the switching gear sector is much more seriously affected —the potential loss of jobs is 13,000 out of 30,000. It is estimated that in 1980 no less than 95 per cent of the Post Office orders will be for purely electronic systems.

The main "traditional" cross-bar or electro-mechanical systems installed in France were ITT's Pentaconta and the CP400 of Thomson and CIT-Alcatel. In 1976 the PTT decided to take the plunge into electronics systems, but the nature of the French network dictated the initial adoption of the space-switching system.

To bring this technology under the French flag, the Government arranged for the acquisition by the Thomson electronics group of the ITT subsidiary LMT and of the French subsidiary of Ericsson of Sweden—complete with the licence for the Ericsson AXE system.

This brought under Thomson's control the axe technology, and the so-called 11F system developed on the basis of the ITT metaconta technology by the Thomson-ised LMT and CGCT.

The other force in the market was the E10 system of Cit-Alcatel, the only purely French developed technology and an all-electric digital system. The market was effectively divided between Cit-Alcatel, Thomson and CGCT.

What happened next was the great world telecommunications jamboree in Atlanta in October last year, when the industry reached the collective conclusion that the all-electric digital system was the technology of the future.

This presented an immediate challenge to France. For one thing, the Swedish company Ericsson decided to market only the digital systems on world markets. Thomson has to develop a digital competitor or find itself marketing an Ericsson-licensed system abandoned by Ericsson.

Thomson's rush into digital threatened the unofficial equilibrium on the French market between the CIT-Alcatel home-produced system and Thomson's licensed or derived systems. At the same time it left CGCT awaiting the availability of new ITT technology, and increasingly subject to speculation that it was about to sell a part of its activities to the missile company Matra which was anxious to expand in electronics.

Thomson, putting together its LMT and former Ericsson subsidiaries into an economic interest group, is now offering its MT series of purely electronic equipment in the version 20, 25 and 35. It has just hold its M20 system to Greece for an international transit centre. This was the first export of its digital system although, under the terms of its agreement with Ericsson of Sweden reserving francophone Africa to the French company, it has sold Ericsson axe digital systems to Madagascar and Zaire.

Cit-Alcatel has itself just won a New Zealand order for its digital system, and this company has the best export record to date. The French indusrty's orders as a whole fell from FFr 1.6bn in 1975 to FFr 1.09bn in 1976 to FFr 1.02bn in 1977. Cit-Alcatel's deliveries rose from FFr 110m in 1976 to FFr 225m last year.

The exports are hard won. Thomson reckons that at the moment it represents about 6 per cent of world production volume of telephone exchanges. But, like the industry as a whole, it needs to realise 30 per cent turnover from exports in the 1980s. Only if it achieves this can it generate the cash to finance the almost constant renewal of technology necessary in this sector.

Cit-Alcatel gives its E10 only a three year export life. While it is pleased with itself for having gone straight to the purely digital system ahead of the field it recognises that competition will be ferocious.

Arguing that export tenders now increasingly demand the installation of complete packages of technology, CIT-Alcatel feels that the strength of the CGE group behind it is an important asset.

But across the footsteps of the French groups, needing to generate large amounts of cash from an ungenerous domestic economic climate, loom the shadows of the world giants—Ericsson, ITT, the Japanese and Western Electric of the U.S., Australia, Saudi Arabia, Iran, Brazil — the big recent orders have passed the French companies by, and the market is not going to get any easier.

The French industry was restructured at immense pains—a concept of corporate reorganisation which is perhaps going out of fashion. In the long run it is by no means certain that it will bring the long-term benefits hoped for.

FRENCH MAKERS OF TELEPHONE TECHNOLOGY

SWITCHING SYSTEMS

Companies	Market share %	Crossbar	Space switch	Temporal/digital
LMT-Ericsson (Thomson)	40	CP-400	Metaconta AXE	AXE MT-20
CIT-Alcatel (CGE)	35	CP-400	—	E-10 E-12
CGCT (ITT)	15	Pentaconta	Metaconta	—
AOIP (worker co-op)	10	CP-400	—	E-10

TRANSMISSIONS

Companies	Market share %
CIT-Alcatel (CGE)	45
SAT (independent)	25
LTT (Thomson)	25
TRT (Philips)	5

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UN food fund to double lending

By Rupert Cornwell

ROME — The International Fund for Agricultural Development (IFAD) plans to triple its project lending next year to $375m from the 1978 level of $118m, making a total of almost $500m for the agency's first two years of existence.

Addressing IFAD's 113-nation governing council here, Mr. Abdelmuhsin al-Sudeary, its president, declared that the fund was off to a good start, with $120m already committed to support food production and combat malnutrition in the poorer developing countries.

However, he criticised as "grossly inadequate" the level of food production in most developing countries, pointing out that in most of them the rise had been only 2 per cent annually compared with the 4 per cent target laid down by the United Nations in its latest development programme.

In 58 developing countries, containing nearly half the inhabitants of the Third World, population growth had outstripped food production. "If this trend is not reversed by 1985 the gap between food needs and availabilities in developing nations will be even larger than the 85m ton gap forecast at the 1974 World Food Conference," he said.

The agency is a joint venture between the oil producers, the industrialised countries of the OECD and poorer Third World nations. It is the newest specialised arm of the UN, under whose aegis it operates.

Twelve more developing countries are expected to join during the current session, which ends today. Highly concessional low interest loans granted in 1978 went to ten countries in Asia, Africa and Latin America, in cluding Haiti, Ecuador, Bangladesh and Cape Verde.

Swiss outlook improves

By John Wicks

ZURICH—Prospects for the Swiss economy during this winter are "rather more favourable," according to the latest report of the official Commission for Economic Studies. The most positive factor is seen as being the marked weakening of the Swiss franc in terms of marks.

The Commission also point to the change in U.S. monetary and stabilisation policies, the slight improvement in European economic growth and the increased co-operation between monetary authorities. Falling credit costs are, moreover, expected to compensate in part for rising import prices, as well as supporting capital exports.

However, the body stresses that uncertainty remains with regard to an eventual return to "reasonable" exchange rates. For the near future, it forecasts inevitable reductions of operations and short-time working in industries with structural difficulties, with a resultant fall in the number of foreign workers and a rise in unemployment. This could affect domestic demand, particularly in problem regions.

Meanwhile, a Credit Suisse economist, Dr. Hans Mast, has predicted that in the medium term, the Swiss economy is likely to grow more slowly than that of other industrialised countries.

Over the period 1979-1982, Dr. Mast reckons with an average annual growth of only some 2 per cent in Switzerland's Gross National Product.

President Park: in no danger

SOUTH KOREAN ELECTIONS

Protest vote over President Park's economic policies

BY RICHARD C. HANSON, RECENTLY IN SEOUL

SOUTH KOREAN voters, using the only very limited democratic weapon available to them, this week displayed signs of significant dissatisfaction with the policies of the ruling political party of President Park Chung-Hee.

President Park's Democratic Republican Party (DRP) came in second place in terms of votes in Tuesday's election for the National Assembly—the first polling since 1973 when the election laws were changed. The opposition New Democratic Party (NDP) took 32.8 per cent of the votes to the DRP's 31.7 per cent. This is the first such setback since President Park assumed power in a bloodless coup d'etat in the early 1960s.

President Park is in no danger of seeing his party lose any of its position in the mostly powerless assembly—he personally appoints one-third of the 231-member body.

But diplomatic observers felt the Government will take heed of the voting change. There are few trappings of democracy in South Korea, but it is generally agreed the assembly election itself was "clean" and, within the Korean context, an accurate gauge of public sentiment.

The underlying issues in the campaign were economic—it is illegal to speak out against the constitution, President Park, or sensitive government policies.

There is widespread antipathy toward a system of value added taxation introduced by the Government last year, and the official policies of unbridled export-led growth have spurred dangerously high inflation, particularly for food prices and housing. Inflation will run at more than 16 per cent this year, compared with 10 per cent in 1977, with food prices up about 22 per cent over last year.

While the Government can choose to ignore the results of an election, it has decided not to ignore the need to adjust its economic policies.

Within the next few days, President Park is expected to announce a reshuffle of the Cabinet centering on the Economic Ministries. Mr. Nam Duk Woo, Economic Planning Board Minister, is rumoured to be due for replacement, after four years in office. Mr. Kim Yong-Hwan, the Finance Minister, may be replaced by a younger, energetic man from the Agriculture Ministry.

The changes presumably will be aimed at steering the bureaucracy away from 15 years of slavish devotion to one policy—more exports. Economists want a more mature balance between economic growth and the still widening gaps both in incomes between the poorest and the well-to-do and also in supply and demand.

The Economic Planning Board already has made up its mind to lower real economic growth to about 9 per cent in 1979, down from estimates as high as 15 per cent for the current year which was achieved despite comparatively tight money conditions.

The growth of the money supply has dropped from the break-neck pace of more than 40 per cent in 1977 to around 17 per cent at the end of November. But through mid-August this year the money supply was expanding at a rate of 35-40 per cent. Next year 25 per cent growth is expected.

The basic causes of Korean inflation are hard to define. One major reason, however, has been the dramatic emergence of the South Koreans as consumers in their own right. This rapid change in the demand structure for better food supplies and consumer durables like refrigerators and TVs has, this year, been coupled with two other powerful inflationary influences. Firstly, good weather has enabled the construction industry to maintain a boom-level of operations. And the emergence of a trade surplus has increased domestic money supply, and helped to push up prices.

The means of coping with inflation are also limited. The Government already controls the prices of many goods produced by the numerous monopolies and oligopolies. These controls have succeeded in delaying inflation for a certain amount of time. Tighter official curbs are not being contemplated.

This leaves imports, which are playing a critical role in holding down prices of certain foodstuffs and will be even more important in keeping the country's balance of payments at a desired small deficit. The Finance Ministry feels the country cannot afford the luxury of a surplus. In 1977 it had a small current account surplus but expects to be in deficit by the end of this year with an even wider gap in 1979.

The ratio of liberalised import items has been raised from just over 50 per cent last year to 65 per cent this year. In one or two years that should rise to 75 or 80 per cent. South Korea can now import more of everything from red peppers and meats to Swiss cheeses and U.S. biscuits, which were previously absent from the market shelves.

Perhaps more important for the future of the South Korea economy is the hardening of attitudes in the major foreign markets where it sells its goods. Korea, more than all but a small number of developing countries, based its success on exports. Though growth in foreign sales has slowed, this will remain the keystone of economic policy.

In recent weeks, the Koreans have had to accept restrictions on exports of colour TVs to the U.S., adding to a long list of restricted items in various countries. Korea has been able to overcome many of these tariff and non-tariff barriers by diversifying its markets and the range of products it exports, and by further improvements in price competiveness.

A striking example of Korean competition can be found at the Hyundai shipbuilding complex in the southern part of the peninsula, the largest shipyard in the world. It is running at full capacity with orders sufficient through 1980.

The Government is now being forced into a period of comparatively low growth, after having successfully completed an adjustment from the 1973 oil crisis which nearly put a stop to the Korean dream of eventually ranking among the leading industrialised states. Without a stable and strong economy, South Korea could not hope to maintain the huge defence effort it feels is needed to discourage any attempts by North Korea to unify the two states by force.

The election results this week may remind the Government that the economy it is fostering has created an enormous series of changes in the life-styles and demands of the people who have made it possible. Keeping up with this change will be a central question in plotting the future.

Yen value raises fares

BY CHARLES SMITH

TOKYO — The Japanese Foreign Ministry has joined the ranks of business travellers out of Japan who are buying air tickets anywhere rather than in Tokyo so as to minimise the anomalous effects of yen revaluation on their travel expenses.

In a recent unpublicised move the Ministry instructed diplomats making trips to Europe and the U.S. to buy tickets for the return portion of their journeys in the country of destination rather than in Japan. The purpose of this instruction is to avoid paying for air travel at the unrealistic exchange rate of $1—Y296 which remains the basis for calculating the prices of air tickets sold in Japan.

The Y296 to the dollar exchange rate means that an air ticket from Tokyo to New York costs Y201,600 if purchased in Tokyo whereas a New-York-Tokyo ticket costs $681 (about Y133,500 at the current free market exchange rate). The round trip from Tokyo to New York and back thus costs Y403,080 if a return is bought in Tokyo compared with only Y335,100 if a single ticket is bought for each leg of the journey.

The Foreign Ministry is understood to have confined its new ruling to diplomats making short trips to other developed countries. Travellers to developing countries may still book return tickets in Tokyo, apparently because the Ministry fears that inadequate booking facilities in some parts of the world might result in diplomats being stranded in their country of destination. Other ministries whose officials travel abroad appear not yet to have followed the example of the Foreign Ministry. In the case of the Ministry of International Trade and Industry (MITI) this is thought to be because officials making foreign trips are already under instructions to take advantage of cheap flights (e.g. travelling Aeroflot to Europe).

A spokesman for Japan Air Lines, the national flag carrier, estimated today that the practice of buying return tickets outside Japan had been reducing JAL's international passenger revenue by more than Y400m per month since October. JAL hopes to deal with the situation by reaching agreement with other airlines on a reduction in the price of air tickets sold in Japan which would be carried out simultaneously with the raising of ticket prices for journeys to Japan from other countries. The urgency of the situation means that a reform of this kind may be carried out in the near future.

Israel Cabinet meeting to discuss Egyptian demands

BY DAVID LENNON

JERUSALEM—Mr. Menahem Begin, the Israeli Prime Minister, has called a special Cabinet meeting this morning to discuss the tough new Egyptian demands which led to a breakdown in the Middle East peace mission of Mr. Cyrus Vance, the U.S. Secretary of State.

Yesterday morning the American mediator again met the Israeli negotiating team but was unable to persuade them to soften Israel's stand on the outstanding issues in the peace talks.

After the meeting, Mr. Begin said that "there are certain differences of opinion between the Egyptian and Israeli positions. Tomorrow there will be a special session of the Cabinet at which decisions will be taken.

Mr. Vance flew to Cairo yesterday afternoon to report to President Anwar Sadat of Egypt on the Israeli position before returning to Washington today.

The decision to recall the Secretary of State was taken by President Jimmy Carter on Wednesday, after Mr. Vance told him that Israel had rejected the new proposals.

Israeli officials claim that several areas of disagreement are holding up the signing of the peace treaty drafted at the Washington peace talks.

Egypt has toughened its demand to link the bilateral treaty with the creation of a self-rule administration for the Palestinians of the West Bank and Gaza Strip. Egypt is now insisting that the exchange of ambassadors already agreed must be postponed until after the holding of elections for the Palestinian administrative council. Earlier it had been agreed that the exchange of diplomatic representatives would take place nine months after the signing of the treaty, when Israel had completed the first sage of its withdrawal in Sinai.

According to Israeli officials, the Egyptian demands on other issues wold rob a number of the clauses in the treaty of any content. This applies particularly to Article 6, which gives the treaty with Israel precedence over Egypt's agreement with other Arab states.

Mr. Shimon Peres, leader of the opposition Labour Party, said after lunching with Mr. Vance that he believed it would now be impossible to reach an agreement by the December 17 deadline agreed at the Camp David summit. But he added that this did not mean that all was lost.

Shah holds negotiations with leading Iranian opponents

BY ANDREW WHITLEY

TEHRAN—Political negotiations between the Shah of Iran and eminent Iranians including some declared opponents have resumed in earnest after a five-day break during which the opposition held huge demonstrations against the monarch.

The talks are believed to centre on finding a solution to the political deadlock that will allow the Shah to remain, though with reduced powers. The key political problems stem from a lack of trust in the Shah's sincerity on the part of those prepared in principle to negotiate with him.

The face-to-face meetings have been stepped up in recent weeks, after a series of discreet soundings conducted by political brokers with good relations with the moderate constitutional opposition in Iran, and in the court. None of the opposition religious leaders within the country has been taking part directly, although they have probably been kept informed.

Among those participating are Dr. Ali Amini, a former Prime Minister, Mr. Houshang Nahavandi, a pro-Shah intellectual involved in court politics and a number of respected elder statesman from the era of Dr. Mossadegh, the nationalist Prime Minister of the 1950s, who was ousted in a CIA-backed royalist coup.

Well-placed Iranians close to the talks say that at least two of these elderly figures, in their 70s, have been offered the premiership by the Shah but have refused. The man currently most disposed to accept the post and its attendant risks is believed to be Mr. Gholam Hossein Sadiqi, a 73-year-old distinguished academic who was a prominent member of the National Front under Dr. Mossadegh.

In a statement yesterday the National Front, now the main political opposition grouping, said its leader, Dr. Karim Sanjabi, met the Shah for an hour on Wednesday. It said he had been taken to the meeting by General Iraj Moghadam, the head of the secret police SAVAK, who has in recent weeks become one of the Shah's most influential political advisers.

The Front's statement, clearly designed to head off expected criticism from the Shah's leading opponent, Ayatullah Khomeini, the religious leader exiled in Paris, said that during the palace meeting Dr. Sanjabi reiterated the Front's refusal to participate in any combination of Governments "under the present circumstances."

Despite this apparently hard-line statement, diplomats say the fact that the meeting took place at all is a hopeful sign. It was the first such meeting between the Shah and the opposition leader to be officially confirmed.

Most observers here do not expect a new civilian government to be formed soon, but proponents of the middle road solution are actively seeking constitutional forms, such as the setting up of a Shura, or Council of Elders, that would bring in influential religious leaders, as a way of creating a buffer between the Shah and the opposition.

As one Western diplomat commented yesterday: "People do not seem to realise that the Shah is in effect already a constitutional monarch."

Iraq rejects 'token' oil increase

BY JAMES BUXTON

ABU DHABI—Iraq is prepared to accept a "modest" but not a "token" increase in the price of oil, when OPEC meets here tomorrow to decide on a price increase for next year. Mr. Tayeh Abdul-Karin, the Iraqi Oil Minister said yesterday.

Iraq would not press for full compensation for the loss of purchasing power due to the decline in value of the dollar and Western inflation, he said. The loss amounted to more than 50 per cent since January, 1977, and a price increase of 5 to 10 per cent would be only a token or symbolic increase.

Mr. Abdul-Karim said that Iraq wanted to see "a reasonable adjustment to compensate for part of our losses." This was dependent on the West, and the United States in particular, taking steps to end the depreciation of the dollar and to correct inflation. He said that this offer would not be repeated in the future. "The objective is to get a reasonable and minimum adjustment."

Mr. Abdul-Karim's statement is regarded as significantly less extreme than previous pre-conference positions adopted by Iraq, when it vigorously opposed Saudi Arabia's moderate approach to oil prices.

In view of the tightness of the oil market, accentuated by the cut in Iranian production, OPEC is expected to end the price freeze that has been in effect since July 1977. Saudi Arabia has indicated that it would be prepared to accept a small price increase if the majority of OPEC countries wanted it, but has made clear that an increase of 10 per cent would be considered too high.

Mr. Abdul-Karim said that Iraq would like to see the dollar price of oil indexed against a basket of other currencies to protect it against the depreciation of the U.S. currency. Saudi Arabia, the dominant member of OPEC, is opposed to indexation.

Washington weighs up the options

BY DAVID BUCHAN IN WASHINGTON

NO ONE in President Jimmy Carter's administration, least of all its head, underestimates the policy crisis posed for the U.S. by the continued turmoil in Iran. What action to take has led to more searching of souls and scratching of heads than any other international issue on this administration's plate.

Caught on the hop by the outbreak of the Iranian troubles in August, alarmed by the recent and continuing large-scale demonstrations against the Shah, the U.S. Government has been slow in sorting out a strategy. It may have one by the end of this week, when Mr. George Ball, the former top State Department official under previous Democratic administrations, who was called in to help, presents Mr. Carter with his special report on the long-term implications for U.S. policy of the Iranian crisis in the whole Gulf area.

Lacking a strategy, the main concern of the U.S. has been to hold the ring against foreign interference while the Iranians sort out their future. Mr. Carter repeatedly has ruled out any overt U.S. intervention, and warned other countries to do likewise.

His warnings have been beamed mainly at the Soviet Union (which in turn has told the U.S. to keep its hands off Iran)—though administration views differ between those like Mr. Zbigniew Brzezinski, the White House National Security Adviser, who see Iran as a ripe plum for Moscow to pick, and some State Department area specialists, who argue that the Soviet Union has reason to fear an unstable Iran, spreading the contagion of Muslim backlash to its own Muslim minorities across its adjacent, southern border.

This week the President extended his warning to those making "uncontrolled statements from foreign nations that encourage bloodshed," all but pointing the finger at Ayatollah Khomeini, the Paris-based leader of the Iranian religious mullahs.

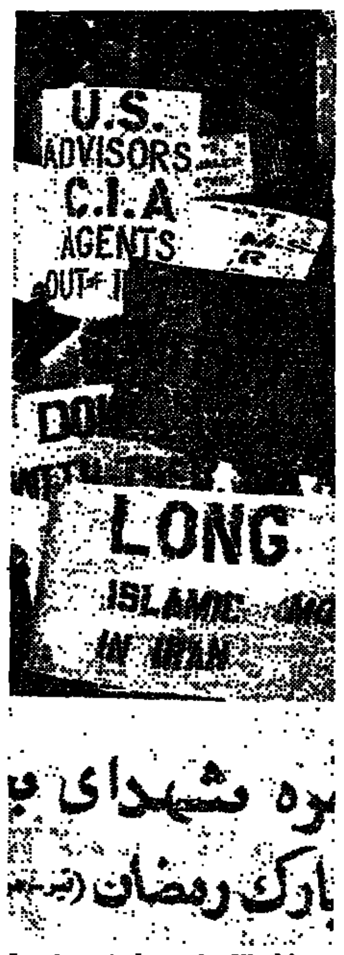
For public consumption, Mr. Carter has also reiterated his support for the Shah, delivered personal messages to that effect to Tehran through his Treasury Secretary and the Democratic leader in the Senate, and despite the odd tactless public admission of doubt, voiced his confidence that the Pahlevi throne will stay intact.

That is, of course, a form of intervention in itself, even though Mr. Carter has peppered his statements of support for the Shah with the occasional reference to the will "of the Iranian people" and with disapproval of the bloodshed.

Privately, however, the assessments are rather different. The Shah has stepped aside for a military Government, and most officials feel he should stay there for the good of all concerned. The fact that the street demonstrators did not burn down his palace last weekend should not encourage him to think the worst may be over and that a comeback could be made. Few U.S. officials seem to be wedded to the Shah, as many were to that other ill-fated American ally, President Thieu of South Vietnam.

Now that a semblance of executive power is all that the Shah can expect, the focus of U.S. attention and the locus of its hopes seems to have switched to General Azhari's military Government. What Washington officials hope from Gen. Azhari and his cohorts is a peaceful transition to an admittedly unknown future.

In their six weeks of power the military rulers have not been notably successful. But perhaps without the taint of the Shah, the military, it is argued here, could come to some accommodation with the leaders of the political and religious oppostion. Which leaders, and what accommodation, no one in the administration is spelling out. A label of "U.S. candidate" would be the kiss of political death.



Iranian students in Washington DC demonstrate against the Shah

What happens if all this fails presumably will form a key part of Mr. Ball's paper. The possibilities are endless: An Iranian Government standing neutral between East and West, a theocracy less interested in projecting military power to police the West's oil lifelines through the Gulf than in enforcing the canons of Muslim law, or a regime avowedly anti-American and pro-Soviet.

The immediate concern would be the fate of the smaller Gulf states, particularly the oil Emirates, which might be laid open to proxy subversion by Soviet client states such as South Yemen. Lessons from Iran for Saudi Arabia can be drawn, though officials here seem divided about whether the problems of the two countries are parallel.

Fears for the Gulf are mitigated by the somewhat surprising fact that Iraq has let it be known that it does not want a Russian presence on its Iranian doorstep.

There may be a long-term threat to Western oil supplies; there will be an immediate effect on oil prices. U.S. officials now expect that, with Iranian crude production reduced again to a relative dribble of 1.2m-1.3m barrels a day, compared with the normal high December flow of 6m barrels a day, market forces will allow the Organisation of Exporting Countries (OPEC), which meets in Abu Dhabi on Saturday, to raise prices next year by nearly 10 per cent.

The renewed stoppages in Iran's oilfields have upset the more sanguine calculations about an OPEC price rise that Mr. Michael Blumenthal, the Treasury Secretary, brought home from his Middle East trip last month. His U.S. energy counterpart, Mr. James Schlesinger, was warning even then that next year's world oil market would be tight, and even stepped up Saudi production in recent weeks has not offset that.

The past close U.S.-Iranian links, economic as well as political, have probably gone for good. The administration has sought to prevent any mass exodus of the 45,000-50,000 Americans who were in Iran at the start of the troubles, though many dependents have left—ostensibly for the Christmas period, but probably with little intention of returning in the near future.

Strapped for cash in the short term, Iran is deferring many of its planned U.S. arms purchases over the coming year. Cash problems, compounded by the strike in the central bank, have delayed payments to Bell Helicopter, which at least temporarily has shut down its Iran operation.

In the longer haul, there is likely to be a re-ordering of Iran's economic priorities — started earlier this autumn when the Shah was still at the helm—away from defence and towards more spending on social programmes, agriculture and small industry.

This may or may not lead to a decline in U.S. exports to Iran. But officials here expect that if by the spring, the political demonstrations and labour strikes have not subsided, those U.S. companies which have directly invested in Iran (relatively few because of the 25 per cent foreign ownership rule) will start pulling out.

Unita 'testing peace mood'

By Our Own Correspondent

LISBON — Unita, the guerrilla movement operating in southern Angola, may be trying to find out whether there is any likelihood of a reconciliation with the MPLA government in Luanda, according to diplomatic observers here.

This follows reports in the Portuguese press suggesting that Portugal has been attempting to mediate between Unita and President Agostinho Neto's government in Luanda. Diplomats believe these reports to be inspired by Unita.

India ruling party splits

BY K. K. SHARMA

NEW DELHI—India's strife-torn ruling Janata Party has received another blow with the decision of Mr. Charan Singh, the former Home Minister, to form another party. Its members will be drawn from the Bharatiya Lok Dal (Indian People's Party) faction, which is led by Mr. Singh and which, like Janata's four other constituents, merged into a single party some 18 months ago.

Mr. Singh, who was forced by Mr. Morarji Desai, the Prime Minister, to resign from the Cabinet last June, has taken this step following Mr. Desai's refusal to take him back into the Government. Efforts to persuade Mr. Desai to make a deal with Mr. Singh, who is a powerful leader of the farmers' lobby in the Hindi-speaking northern states, have been abandoned.

Mr. Singh has already announced that he will not join the Cabinet and that he plans to make a long-delayed statement to Parliament about his resignation on Monday. He has also decided to go ahead with plans for a large-scale farmers' rally in New Delhi on December 23—his birthday—to demonstrate his support.

AMERICAN NEWS

Energy officials firm on stockpile

By David Lascelles

NEW YORK — America's plan to build up a 1bn-barrel strategic oil store to cushion its dependence on imports is facing mounting criticism for its high cost. But the energy authorities seem determined to keep it going.

The plan, formulated three years ago, aims to have 1bn barrels stored in underground caverns by 1985. At present rate of imports, reported by the American Petroleum Institute yesterday to be running at about 9m barrels a day, this would be enough for about 3.7 months, though in an emergency ti could be stretched out longer.

The overall cost of the programme, including buying the oil and preparing the reservoirs is put at $22bn. President Carter's budget advisers are now reported to be urging him to cut back on the programme because of rapidly mounting costs and what they believe to be its unnecessary size.

Storage costs have risen, installation of pumping equipment is behind, and fears have been expressed about the dangers of flooding large caverns with oil. By the end of this year only about a quarter of the scheduled 250m barrels will have been stored.

Suggestions have been made that the stock's target should be cut back to 750m barrels on the grounds that the oil companies always have oil in hand.

The Department of Energy, on the other hand, led by Secretary Schlesinger, plans to resist any cutbacks, mainly on the grounds that the strategic stock will greatly strengthen the U.S.'s hand in foreign policy. Mr. Schlesinger has promoted the main responsible for the programme to Deputy Under-Sescretary level.

A house hearing on the programme, starting on Monday, could lead to a Congresional decision to cut back the programme. Mr. Schlesinger's department will present a report against cuts to the hearing.

Teamster chief challenges wage and price guidelines

BY STEWART FLEMING

NEW YORK — A defiant Mr. Frank Fitzsimmons, president of the 2m-strong Teamsters' Union, threw a new challenge at the Carter Administralion's anti-inflation policy today.

Only a day after the Administration announced key modifications to the wage and price guidelines, specifically designed to smooth the way to a new freight contract for the Teamsters, Mr. Fitzsimmons said the revisions appear to fall short of the union's wage contract goals.

Mr. Fitzsimmons made the statement as he arrived with 120 members of the union's national negotiation committee for the start of wage negotiations with the trucking industry which opened in Washington today.

These negotiations are due to be concluded early in March, when the existing three-year truck industry contract expires. The new contract which is to emerge then is seen both inside and outside the Administration likely to provide the critical test of phase two of the anti-inflation policy. Privately, officials agree that, if the Teamsters' Union does not agree to a new contract close to the 7 per cent ceiling, the chances of the wage guideline holding are virtually nil.

The guidelines' prime objective has been to hold the wage increases as near to 21 per cent over three years as possible, and certainly well below the minimum 35 per cent which seemed likely before the guidelines were announced.

Mr. Fitzsimmons' comments and their setting will be closely analysed by officials, who may well draw some comfort from the fact that they were made at the first formal meeting of the industry and union sides. It is a meeting, moreover, at which no monetary demands or offers are being presented.

Thus, Mr. Fitzsimmons comments can be seen as the opening shot in his bargaining campaign, and therefore, aimed as much at the trucking industry executives as at his own membership, which has grown used to fat contract settlements and received a 34.5 per cent three-year contract in 1976.

What comfort can be drawn from this interpretation, however, has to be balanced against publicly expressed hopes by top Administration officials that the modifications in the wage guidelines announced yesterday would help towards a settlement in the trucking industry.

Administration officials realised soon after the wage guidelines were announced in late October, that by including the cost of fringe benefits in the 7 per cent a year wage increase guideline, they had saddled themselves with a policy which might not clear its first hurdle, the Teamsters' talks, although nobody, not even the Teamsters, has precise figures, it is generally accepted that the cost of fringe benefits in the Teamster contract could take a large chunk of that 7 per cent allowable increase, leaving the union with much smaller cash wage gains, something the union simply could not accept.

Hence, the Administration yesterday announced modifications in the guidelines to allow a proportion of fringe benefit costs to be excluded from the 7 per cent guideline. Mr. Fitzsimmons' warning that the modifications appear to fall short of the union"s negotiating goals was amplified in an official union statement saying: "The preliminary reports on the revised standards do not appear to make sufficient adjustments in this wage-benefit area.

U.S. Lines to abandon NYC

BY STEWART FLEMING

NEW YORK—Only a month after American Airlines created a furore by announcing that it was moving its headquarters from New York to Dallas next year, another large company, the steamship company U.S. Lines, announced its departure from the city yesterday.

The company has had its headquarters in Manhattan since 1908 but is now planning to move across the Hudson River to Cranford, New Jersey, closer to its marine terminal operations in Howland Hook on Staten Island.

The loss of another 420 jobs on top of the 1,300 to be lost with the American Airlines decision is a further blow to the city's image. But while the departures are making headlines, so too are announcements by companies intent on digging their roots even more deeply into New York.

Philip Morris, the tobacco and consumer goods conglomerate, disclosed yesterday that it is to build a new 26-storey granite-glad tower block at Park Avenue and 42nd Street as its new headquarters. The location of the black will give a fillip to a part of the city which was threatened with creeping blight as the seedy sex and pornography-parlour industry spread east from West 42nd Street.

The Philip Morris decision, coupled with the renovation of the Connaught Hotel now underway at Grand Central Station, and the repair of the Chrysler building, a few blocks away on Lexington Avenue, are a few of the projects which promise to improve the heart of Manhatten.

Cheaper Pacific air fares agreed

CANBERRA — Australia announced today it had reached an interim agreement with the U.S. on new low air fares across the Pacific, halving the cheapest return rate to A$450 ($510).

Australia's airline Qantas has been cleared to introduce the new fares from February 1. They will apply only during four off-season months and tickets must be bought 45 days in advance.

Proposals by the U.S. Airline Pan American, which provide for a new low fare of A$493 ($562) available for six months of the year, have yet to be approved by Washington.

Reuter

U.S. COMPANY NEWS

Mattel sees peak sales as profits fall; counter-bid for Credit Foncier; optimism at CPC International—**Page 29**

Cuban, U.S. delegates in clash over Puerto Rico

NEW YORK — The United Nations General Assembly on Wednesday night endorsed a committee report that included a resolution calling for Puerto Rican self-determination — and prompted sharp debate between the Cuban and U.S. delegates.

By a vote of 129—0 with six abstentions, the Assembly adopted an omnibus anti-colonial resolution and thereby approved the annual report of the 24-nation UN Special Committee on Colonialism. The U.S., Britain, France, West Germany, Belgium and Israel abstained.

In the report was a Cuban-Iraqi resolution, adopted by the committee on September 29, saying the Puerto Rican people should exercise self-determination after a "full transfer of all powers."

The resolution was worded to leave the people a choice between independence and free association with the U.S., but not a new U.S. state.

Speaking before the assembly voted, Sr. Raul Roa Kouri, the Cuban Ambassador, said Puerto Rico was a "Yankee colony" and Sr. Carlos Romero Barcelo, its pro-statehood governor, was a "bootlicker."

After the vote, Mrs. Angelique Stahl, a U.S. delegate, said Puerto Rico had been removed from the U.N. list of non-self-governing territories in 1953, and was therefore outside the purview of the Committee of 24.

AP

IMF clears the way for expansion

By Our Own Correspondent

WASHINGTON — The Board of Governors of the International Monetary Fund (IMF) has formally cleared the way for a significant expansion of the Funds resources.

It has passed two resolutions this week providing for a 50 per cent increase in quotas held at the IMF by member nations and for the issue of about 4bn special drawing rights (SDR) at the start of each of the next three years.

These resolutions set the seal on the agreement reached during the IMF's annual meeting here in September. The SDR allocation will be able to commence on January 1, but individual countries have to approve the quota increases.

CLEVELAND PREPARES FOR BANKRUPTCY

Downfall of 'Dennis the Menace'

BY JUREK MARTIN

Mayor Dennis Kucinich, aged 32, promised a bright, young administration to Cleveland, Ohio, when he took over a year ago. Now the city is about to default on its debts, its council is trying to get rid of the mayor and the public utilities and school system are on the point of breakdown.

WASHINGTON — If the bankruptcy of a city with a population of more than 600,000 were not a serious matter, then what has happened to Cleveland, Ohio, in the last year would be the excuse for much hilarity. The eighteenth-largest city in the U.S. is defaulting on $15.5m of civic debt at 4 pm this afternoon.

Even if, by last minute negotiations, that deadline is somehow postponed, Cleveland's financial problems seem certain to recur next year. Yet, outside Cleveland, nobody seems to care very much.

The federal and state Governments appear indifferent to the city's plight, the credit rating agencies have declared civic notes to be too risky to warrant investment, the local bankers and politicians are fulminating and often set against each other.

At the eye of the hurricane, and, fairly or unfairly, the man who is perceived as having given urban problems a humorously macabre name, is Mr. Dennis Kucinich, Cleveland's mayor for the last year. Mr. Kucinich is a tiny, Elfin character who looks even younger than his 32 years. He won the Mayoralty on a good old populist platform of holding the line on taxes and never selling the local civic-owned electricity utility.

When he took office, he promised Cleveland a new broom and style. He appointed aides far younger than himself to senior civic positions. He held Press conferences in a restaurant from whose greasy pulpit he would inveigh against all and sundry.

Some of his early actions seemed encouraging. Conscious of the low reputation of the city police force, he hired the celebrated Richard Hongito, an innovative and successful police chief in San Francisco, to restore humanity as well as law and order. Unfortunately, a few weeks later, he fell out with Mr. Hongisto and sacked him.

After an interval of some months, and keeping up the new broom spirit, Mr. Kucinich put in an old friend as police chief. This was legitimate, but confidence was not enhanced when it became known that the new man had an admitted history of problems with alcohol and that his knowledge of police work was limited to some courses at night school.

With the police in disarray, Mr. Kucinich also had a problem with the schools. After voters rejected successive school bond issues, the city found itself unable to pay its teachers and for much of the summer and autumn was without a school system. In addition, the city was under a court order to bus children to achieve racial balance.

These were problems not of the Mayor's making and arguably beyond his control. But, again, he hardly helped his cause by appointing an education officer who, in a moment of either pique or frustration, did what football players have been known to do and lowered his trousers in public.

So intense was the anti-Kucinich sentiment by mid year, after barely six months in power, that the necessary petitions were gathered to force a special recall election in August.

Opposing the Mayor was what would normally have been an unholy coalition of the city's commercial interests and its black political establishment, which had been outraged by the man already known, inevitably, as "Dennis the Menace." Mr. Kucinich survived the attempt to oust him by a mere 250 votes. Shortly afterwards, exhausted and laid low by an ulcer, he took a month's holiday.

His opponents were hardly pure. The all-powerful President of the predominantly black city council is Mr. George Forbes, a major force when Cleveland became one of the first of the big cities to elect a black administation 10 years ago.

Mr. Forbes had been distressed that Mayor Kucinich seemed inclined to appeal to racial divisions in his running battles with the city council. The local electrical utility, known as Muny Light, principally served the white working-class citizens who are the basis of Mr. Kucinich's political support.

Mr. Forbes and the business community wanted Muny Light to be sold, since it made a loss and had been successfully sued by the much larger privately owned Cleveland Electric Illuminating Company for non-payment of bills for the electricity Muny bought from it.

Mr. Kucinich, however, kept chanting, "Power to the people" (even though Muny Light was providing very little power) and dug in his heels. The force of Mr. Forbes's argument lost some weight when he and several colleagues on the city council were indicted on criminal charges connected with a slot machine operation.

The amazing chapter of accidents—and there was much more besides—does not, however, explain why Cleveland is now in such a state. All the classic explanations for the decline of the older industrialised cities apply to Cleveland—emigration to the suburbs, shrinking tax base, the collapse of established heavy industry, increasing pressure on social services to meet the needs of the poor and black.

The city's population has dropped by 15 per cent since midst, according to one local authority, more millionaires than 1970. Ironically, it still has in its any other comparable American city and it is surrounded by some extremely affluent suburbs. But that is a resource the city cannot tap.

Its current problems are not exactly new, but the federal Government had helped out earlier this decade. Since then there have been a succession of financial misfortunes: some $50m in capital funds were spent under the previous city government: the persistent losses incurred by Muny Light, which now does not even produce its own power but buys from outside: the refusal of the city's electorate to sanction an increase in income tax (which is the lowest of any urban area in the state of Ohio).

Mr. Kucinich's finance director, Mr. Joseph Tegreene, who is appreciably younger than the Mayor, but who seems to have earned at least a modicum of respect, has grave difficulty at present in working out the budget deficit, because of the arcane accounting practices used by the city. He has asked Salomon Brothers to send experts from New York and attempts have even been made to tap German banks for assistance.

The Mayor's "final solution" was presented to the city on Wednesday night. It included a referendum to raise the city income tax by 50 per cent, a $90m bond issue to meet next year's obligations, and the appointment of a city fiscal overseer (although the Mayor, whose attention to detail is not his strong point, failed to mention this in his television address).

The city council must approve the package: Mr. Forbes is sceptical because the Mayor still refuses to sell Muny Light. Meanwhile the Cleveland Electric Illuminating Company has had federal marshals going round the city attaching property, such as garbage trucks, in pursuit of its suit against Muny Light.

It is fair to say that the chances of Mr. Kucinich being re-elected next year do not look great. His diehard supporters allege—and they may be right—that the financial problems are simply a plot by the establishment to get rid of him. His reign has been nothing if not diverting.

WORLD TRADE NEWS

R-R signs accord on engines with India

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE has signed an agreement with the Indian Government for the supply of Adour jet engines for the Jaguar combat aircraft, which could eventually be worth more than £150m.

The deal between India and British Aerospace for the supply of an initial number of Jaguars to India, with eventual manufacture of the aircraft under licence in that country, was announced several weeks ago.

Announcing its own share of the deal yesterday, Rolls-Royce said it covered both the outright sale of Adour engines to India, with eventual manufacture of the engines under licence.

The Adour is a joint development by Rolls-Royce and the French engine company, Turbomeca, and the engines for the first Jaguars will be built in both Britain and France. The eventual licence manufacture will be undertaken by Hindustan Aeronautics, at Bangalore.

Deliveries of Adours to date, for use in the British Aerospace Jaguar, Hawk trainer and Japanese T-2 and F-1 trainers and close-support aircraft, now amount to 1,400 engines. The engine is also built under licence in Japan.

Itel to lease five aircraft

ITEL AIR, a subsidiary of Itel Corporation, has concluded agreements to provide four international airlines with five Boeing and one McDonnell Douglas aircraft, worth a total of $123m.

The aircraft are being placed with Aer Lingus, Braniff Airways, British Midland Airways and Spantax.

China hotel and electronics deal

HONG KONG—The New York-based Amherst group of companies announced yesterday it had reached agreement with China on an electronic assistance plan and a hotel building project.

Amherst's president, Mr. Abe J. Lieber, told a Press conference the electronic plan was to provide the design, the technology for the development and manufacture of "complete facilities to produce electronic components, equipments and systems."

The hotel project called for constructing, designing and financing five 500-room hotels in major Chinese cities and one 200-room hotel in Lhasa, Tibet.

Mr. Lieber declined to disclose the amount of capital required for the projects and implementation dates.

AP-JD

Japan aid on patent treaty

TOKYO — Japan will help China join an international patent treaty within the framework of a Chinese move to expand its trade with Japan and Western countries, a Government official said yesterday.

The subject was discussed by Japan's Minister for International Trade and Industry Mr. Masumi Esaki and Mr. Wu Heng, China's Scientific and Technological Commission Vice Minister who is visiting Japan.

A Japanese ministry spokesman said Mr. Wu expressed Peking's desire to join the 88-nation Paris Convention for protection of industrial property, and Mr. Esaki assured the Chinese of Japan's help.

Mr. Wu and 10 other officials from the Chinese Commission arrived here last Friday for a study and orientation of the Japanese system of protecting industrial property.

AP

ECGD premiums to increase next year

BY LORNE BARLING

THE EXPORT Credits Guarantee Department (ECGD) is to increase its premium rates early next year, raising its income from that source by about 10 per cent, due to the effects of inflation and "adverse claims experience."

Announcing the changes yesterday, ECGD said they would affect all types of business covered and most would be implemented in April. The last rise was in the same month last year.

For comprehensive cover on UK exports sold on short-term credit (up to six months) premiums will increase by between 3p and 9p per £100 insured, with the aim of raising average premium income from about 29p at present to about 32p per £100.

"This is the approximate level aimed at in the 1977 increase, but it was not then achieved because of the difficulties calculating the precise effect of increases in this area of business, amounting to about £13bn a year," ECGD said.

For business on terms of two years or more, handled case by case, ECGD is also streamlining its premium system to simplify procedures for exporters, but the aim is to bring in about 5 per cent more income overall.

This will introduce more flexibility in collecting premiums for large contingency items and allow more latitude for minor variations during the course of a contract.

In addition, there will be scope for premium discounts in contracts where, because of the payment arrangements, the maximum amount at risk at any time is substantially less than the overall insured value.

The overall changes are recognition of ECGD's need to maintain reserves equal to 2.25 per cent of the amount at risk in its commercial account. This ratio has fallen to around 1.9 per cent due mainly to the effects of inflation and increasing business.

It is estimated that the increases next year, barring unforeseen problems, will take the ratio back to around 2.25 per cent in the early 1980s.

● ECGD also announced yesterday that it is to seek Parliamentary approval for a year's extension from March 1979 of powers to operate its cost escalation scheme for export contracts. The scheme applies to export contracts worth £2m or more with a manufacturing period of two years or more.

Since the introduction of the scheme in 1975, a total of 11 guarantees have been issued for exports with a contract value of £246m. Eight other contracts which may receive cover (worth £468m) are under negotiation.

Pre-shipment inspection for all Nigerian imports

BY OUR OWN CORRESPONDENT

LAGOS — Nigeria has appointed Societe General and Surveillance (SGS) of Geneva to carry out from January 1 next year preshipment inspection of all foreign imports in order to ensure standard quality and competitive prices.

A Central Bank notice to importers said that the services of the company would benefit importers and conserve the country's dwindling foreign exchange reserves following declining returns from the oil industry.

Overseas sellers are required to give at least 14 days notice before shipment to SGS, indicating where goods may be inspected and expected time of despatch.

Such notice should be accompanied by a copy of the proforma invoice, letter of credit, contract price and "any other document relevant to the order which SGS may deem necessary for the execution of inspection."

On completion of inspection, SGS will issue either a clean report of findings if inspection yields satisfactory results, or non-negotiable reports of finding if inspection reveals discrepancies.

A warning was made that no payment would be effected unlessdocuments presented included a report of findings. It said it would decide which goods, either by type or value, were to be exempted from pre-shipment inspection, foreshadowed last April when the Federal Government announced its 1978-1979 budget.

India to assist Vietnam on oil production

BY K. K. SHARMA

NEW DELHI—India is to assist Vietnam to explore and produce oil by helping it to supervise the working of contracts given to Western companies in offshore areas.

This was agreed at a meeting here between the Minister for Petroleum, Mr. H. N. Bahuguna, and Vietnam's Oil Minister, Mr. Dinh Duc Thein, who is leading a 10-member delegation of experts.

The Vietnamese Minister told his Indian counterpart that his country had already started drilling onshore with Soviet help and had given contracts for exploration in offshore areas to West German, Italian and Canadian companies. Plans for setting up a refinery were being formulated.

India has gained considerable experience in offshore exploration through the successful working of the Bombay high offshore oilfield in the western continental shelf which is now producing more than 4m tonnes annually.

● India is to help Libya build a 600 megawatt power station at Suara under an agreement signed by Mr. George Fernandes, Indian Minister of Industry, and Mr. Jumah-Al-Arbarsh, Libyan Minister of Electricity, in Tripoli.

Work on the power station will be done by the recently formed Indo-Libyan construction company and the government-owned Bharat Heavy Electrics.

Bulgaria hopes for export boom

BY PAUL LENDVAI

VIENNA—Bulgarian exports to the West are scheduled to treble between 1975-80, according to BTA, the Bulgarian news agency. During the same period, overall trade should rise by 76 per cent.

Last year trade exchanges with Western partners totalled $1.56bn as against a mere $158m in 1960. With regard to co-operation projects, BTA claims that Bulgarian State Enterprises have so far concluded more than 100 joint venture agreements with companies from 19 capitalist countries in the fields of electronics, electrical engineering, chemicals, petrochemicals, tobacco machinery and others.

Bulgaria's trade with the developing countries is also expanding, according to BTA. Two-way trade last year reached $948m, compared to only $35m in 1960.

UK may withdraw textiles offer

By Rhys David

TEXTILE INDUSTRY leaders in the UK want the British Government to press for withdrawal of the textile tariff reduction offer made by the EEC at the current GATT Multilateral Trade Negotiations because of the failure of other countries to come up with similarly generous proposals.

The industry also wants Britain to take a tough line at next week's Council of Ministers meeting on the access to be allowed next year to imports of textiles from the EEC's Mediterranean associates, currently the subject of negotiations in Brussels.

The textile industry, which put its proposals at a meeting with Mr. John Smith, the Trade Secretary, and Mr. Alan Williams, and Industry Minister, is expressing bitter disappointment at the lack of reciprocity in the offers made at the MTNs by a number of countries and in particular the U.S.

The EEC itself has been trying to secure harmonisation of tariffs between the developed countries but the reductions which the U.S. has proposed have fallen far short of this.

The U.S. has also failed in the UK industry's view to meet legitimate requests to open up some tightly controlled parts of its market. A major campaign has been waged to try and secure a reduction in the effective 50 per cent tariff on export of wool textiles into the U.S. but these efforts have been largely unsuccessful.

Other developing countries, including Australia, Canada and Japan, have also offered very little in the way of reduction on textiles and a second group of middle-rank industrial powers including Brazil and Korea have also insisted on maintaining their high tariff walls.

Mr. Colin Purvis, assistant director of the British Textile Confederation said yesterday that in textiles the Tokyo Round had proved a failure and there was a need for a fundamental review of the EEC's position.

"Unless we can obtain the real market opportunities overseas which we seek and need, we cannot accept a significant reduction in the EEC's already low level of textile tariffs."

The textile industry delegation which included representatives from the BTC, the Clothing Industry Council for Europe and the Knitting Industries Federation is similarly concerned that the EEC Commission may present the Council of Ministers next week with a package deal negotiated with the Mediterranean associates—which will result in greatly increased access for textile imports.

The Commission has been working to a mandate laid down last December which is intended to ensure that ceilings on total imports of certain sensitive products are not exceeded.

Wool textile earnings up

Financial Times Reporter

EXPORT EARNINGS for Britain's wool textile industry, based mainly in West Yorkshire, were 3 per cent up in the first eight months of the year compared with the figures to the end of August, 1977.

Earnings totalled £270.5m, which was £7.8m ahead of last year's figures. However, the August exports were slightly down on the previous month's earnings.

Wool cloth accounted for £114.2m—17 per cent more than in January to August, 1977 and 3 per cent higher in volume.

Yarn exports at £47.5m were down by 7 per cent over 1977 (12 per cent less in volume) and raw wool by 3 per cent at £31.4m (2 per cent less in volume). Earnings from tops decreased by 13 per cent to £36.6m, 14 per cent less in volume.

Exports of cloths, yarns and tops to EEC countries totalled £73m, 2 per cent more than in 1977 whilst sales to the rest of the world were £124.5m, a gain of 5 per cent.

LATIN AMERICAN TRADE

Brazil and Argentina draw closer

BY DIANA SMITH IN RIO DE JANEIRO

AFTER MONTHS of public wrangling over hydroelectric schemes and merchandise in transit, Brazil and Argentina have quietly, and suddenly, begun to mend their fences.

One of the worst bones of contention is the planned number of turbines for the Brazilian-Paraguyan hydroelectric scheme at Itaipu on the Parana river (which Argentina has insisted is excessive).

There is also the planned height of the Argentina-Paraguay Corpus dam downstream of Itaipu (which the Brazilians have insisted is excessive, and as detrimental to Itaipu's future performance as the Argentines claim 20 turbines at Itaipu would be to Corpu's performance). But, with recent Foreign Ministers' meetings on neutral Uruguyan ground, signs of compromise are emerging.

Itaipu, first conceived eight years ago, and now in the building stages, will be the largest dam in the world: Argentina's concept of Corpus is more recent, and still on the drawing board. Throughout the long dispute there have been signs of problems that go beyond technical frontiers to the heart of the ancient polemic of large, ambitious Brazil versus smaller but no less ambitious Argentina.

Meanwhile, a low-key visit to Brazil by Sr. Jose Alfredo Martinez de Hoz, Argentina's Minister of the Economy, cast aside polemics and produced signs of ententes that could lead to greater two-way trade, new joint production ventures and resolution, as a side effect, of old quarrels.

"The future of our relations is so important," Sr. Martinez de Hoz told the Press in Rio de Janeiro, "that all temporary problems must be solved with intelligence and a spirit of co-operation."

Argentina is Brazil's largest single trading partner in Latin America. Two way trade in 1977 was $826m, with a $80m balance in Argentina's favour. This year, to July, Brazil exported goods worth $159.6m and while imports from Argentina were worth $268.4m, the $108.8m trade gap caused substantially by a bad Brazilian agricultural year and need to import staples like wheat and meat.

Freight costs from Argentina (a distance of under 3,000 miles) are higher than from the Gulf of Mexico (over 5,000 miles). According to Sr. Martinez de Hoz, one of the first projects to be tackled by the working group on transport will be reduction of these costs.

As a spin off, the minister hopes the long-running problem faced by Brazilian exporters who route goods to Chile via Argentina's roads (and must cope with periodic frontier closures each time the Beagle channel dispute between Chile and Argentina comes to a head) can be resolved, with this current spirit of co-operation.

Another working group will study projects that could be of major industrial and commercial interest to both countries: joint production ventures located in Argentina, with Brazilian capital and technology participating, especially in the areas of coffee processing, iron ore pelletising, and alloys, using Brazilian manganese.

The output of these future enterprises would not only be directed to Brazil's and Argentina's markets, Sr. Martinez de Hoz said, but to Africa and Asia (where Brazil is enjoying growing sales, above all in Nigeria and China).

According to the Institute for Latin American Integration, a body sponsored by the Inter-American Development Bank, and based in Buenos Aires, there are growing examples of associations in mining, banking, manufacturing (especially metallurgy), insurance and commerce, involving technology transfers by more developed countries like Brazil, Argentina, Mexico or Venezuela to industries in less-advanced Latin American countries.

These ventures and technological contributions, the institute recently reported, lead to more effective, larger scale enterprises. According to economists working with the Institute (which provides an information service for Latin American businessmen interested in forming such ventures) such efforts are helping to revive the age-old dream of Latin American integration.

Sr. Martinez de Hoz expressed confidence in Argentina's economic recovery and effectiveness of structural reforms reducing state intervention and stimulating private enterprise — although he indicated that this year, there will be negative economic growth.

However, with inflation reduced from nearly 1,000 per cent in 1976 to 160 per cent in the past 13 months, and greater political stability, he maintains that the capital drain of recent years was reversing, and domestic confidence returning. Moreover, he insisted, relations with the U.S. were improving, as the latter became "more understanding."

CBI will campaign against devolution

By Robin Reeves, Welsh Correspondent

THE CONFEDERATION of British Industry is to campaign actively against the Government's Welsh devolution proposals in the weeks leading up to the referendum on March 1.

The confederation's Wales Council, meeting in Cardiff yesterday, agreed to organise a series of meetings throughout Wales to explain the possible dangers of the Welsh Assembly plan for business and industry.

It also decided to draw up a panel of speakers for anti-Assembly platforms. But Mr. Ian Kelsall, the CBI Wales director, emphasised that there would be no formal link with any political umbrella organisation.

He refuted suggestions that the CBI would be pouring money into the anti-devolution campaign coffers.

The CBI's own meetings will be solely concerned with what it sees as the dangers of the Government's proposals for the business community. Wales was already well served by administrative devolution to the Welsh Office, which, through the Secretary of State, gave the principality its own voice in the Cabinet.

The danger was that the Welsh Assembly would be bound to seek taxation powers which would be loaded on to business—eventually making it more difficult for Welsh industry to compete across offers dyke.

Harland and Wolff losses reach £7.8m

BY OUR BELFAST CORRESPONDENT

HARLAND AND WOLFF, the publicly-owned Belfast shipyard, yesterday announced losses of £7.8m last year, as against losses of £600,000 in 1976. It also said that further losses could result from the refusal of American owners to accept two supertankers.

Sir Brian Morton, chairman, said in the annual report a further recession in world markets reduced turnover from £79.4m to £65.2m in the year to December 31, 1977, and less remunerative orders worsened the losses.

The company has made no provision for any loss which might arise from the decision by two subsidiaries of Coastal States Shipping of Texas not to take delivery of the two tankers which, at 333,000 tonnes each, are the largest built in the UK.

Harland and Wolff said both ships were up to specification, and it was demanding completion of the contracts, including payment from the Americans of final instalments worth £4m.

The disputes over the ships have gone to arbitration, but the results will not be known until well into next year. The company said its advice was that it would win.

The report said that if the buyers succeeded in their claims, Harland and Wolff would have to repay the £55m already received plus interest and would have to meet the arbitration cost and that of laying up the ships.

The current value of the vessels was unlikely to be more than half the contract price, and there could be "very substantial losses."

Sir Brian said the shipyard, which is owned and funded by the Northern Ireland Department of Commerce, would go on making a loss for several years.

He added: "Within the next three years, we shall have completed our current order book, against which we hope we have already made more than sufficient provision for loss.

"However, in order to maintain production at a satisfactory level, new orders must be obtained. We cannot expect to obtain a sufficiency of such orders at prices other than those which will result in losses."

The morale of the 8,500-strong labour force was sapped by the rundown in employment and by the prospects of "further considerable redundancies."

The company had made provision in the accounts of £7m to meet employees' claims for industrial deafness. The number of claims settled so far is small but the directors expected many more and, therefore, increased the provision from the existing £1m.

Because of the size of the claims, the company had been able to get only partial insurance cover, Sir Brian said. It meant most of the cost fell on the company, placing it at a considerable disadvantage to its competitors.

Airport security levy up

BY OUR AEROSPACE CORRESPONDENT

THE LEVY on each passenger arriving at UK airports to pay for security services is to be raised from 80p to 85p on April 1.

The airlines collect the levy, which covers cost of maintaining security, including passenger baggage and body searches, at all main airports, through an addition to ticket price. It is paid to the airport authorities, which pass it to the Government.

It is expected that this year it will yield just over £19m, with an eventual surplus of £1.11m expected, due to higher traffic.

But the estimated costs of security for next year are put at over £24.1m, hence the increase in the levy.

Ex-shipyard chief in £200,000 settlement

A FORMER managing director of the Harland and Wolff shipyard, Mr. Ivor Hoppe, is to receive £200,000 in settlement of an action he brought against the Government and the company for alleged breach of contract.

Mr. Hoppe, aged 57, joined Harland and Wolff in 1971 and served three years of a 10-year contract before the Northern Ireland Office withdrew its approval of his appointment as a director and he resigned.

Salary

The Northern Ireland Office said that there had been a disagreement over policy when the shipyard came into full public ownership.

Mr. Hoppe's salary on leaving was put at £75,000. He sought compensation in the region of £1m. The amount of the out-of-court settlement is within the limits of a trust fund, which he had asked to be established to compensate him, in the even of certain circumstances.

The Northern Ireland Office and the company have settled without any admission that his contract was broken. Mr. Hoppe is now living in his native Denmark.

Write if you want to join management, invites Sir Arnold

BY MAX WILKINSON

SIR ARNOLD WEINSTOCK

Seeking hidden talent

ALL THE younger employees of the General Electric Company have been asked by Sir Arnold Weinstock, the managing director, to send him a personal letter if they would like to be promoted into management.

Sir Arnold hopes to hear from secretaries, fitters, welders, apprentices, clerks, draughtsmen, or anyone who thinks he might be good at managing a business.

The only qualification required are that they should be young, self-confident and have something about their personality which Sir Arnold can recognise as executive material.

The appeal to talent as yet unrecognised among GEC's 190,000 employees is made in the company's newspaper Topic.

It says: "If you are straining to be thrown in at the deep end, I should like to hear from you.

"Give a resumé of your qualifications and your previous experience in GEC and outside. Say a bit about yourself, a short character sketch.

"Indicate the areas of working life in which you feel strong and those in which you don't. Say why you think you are the right type to exercise authority."

The appeal starts with the questions: "Do you see yourself as a budding senior executive? Couldn't things be better run, more ideas developed, new markets conquered if only you were given the chance to take decisions and direct the team?"

Sir Arnold says that there is no single way in which a manager's career need be developed. "The shopfloor is every bit as suitable as a business school."

The appeal for new blood comes at an important turning point in the company's development.

It is making a series of acquistions in an effort to diversify into the U.S. and possibly move into European markets.

It also wants to develop a range of new electronic products in the business and communications systems area.

The company is prepared to spend up to about £700m on acquisitions and developments.

The intentions announced so far are:

A joint semiconductor manufacturing venture with Fairchild, California.

The purchase of A. B. Dick, a big U.S. office equipment company.

The purchase of Averys, the UK weighing machine company.

Two smaller ventures in the U.S. in control and instrumentation.

Further expansionist moves are expected early in the New Year. The company has frequently said that one of the main limits on expansion is the speed with which it can find suitably qualified people, ranging from technicians and engineers to managers.

Sir Arnold's Christmas appeal therefore, can be seen as a way of identifying new people who would help promote an expansionist phase.

It is not clear how many people he plans to promote from the shop or office floor, or how their claims to be managers would be measured against those of graduate engineers and scientists.

The answer is likely to be the same as to the question about which companies GEC will buy. It all depends on what (or who) turns up.

Ex-Minister in row over effluent fees for wool cleaners

BY RHYS DAVID

MR. BOB CRYER, former Industry Junior Minister, is at the centre of a dispute with the Yorkshire wool textile industry over his response to a report on the high effluent charges paid by the industry when compared with its Continental counterpart.

The wool textile industry and the Yorkshire Water Authority had submitted a joint working party report to the Departments of Industry and Environment in May. It emphasised the case for a £750,000 annual financial assistance to wool scourers—cleaners of raw wool—to keep their costs in line with the Continental average.

To a large extent the imbalance reflects the application of the "polluter pays" principle in the UK which imposes particularly high charges on companies with high-strength discharges such as wool scourers.

Mr. Cryer in his reply as Junior Minister urged further modernisation on the industry and backed a new process which he said could reduce costs.

He rejected a proposal which had not in fact been made in the report—re-location of the industry on a coastal site—and he turned down financial aid because it would pose difficulties for the Government domestically and with the EEC.

Mr. Tom Hibbert, chairman of the Wool Textile Delegation, said in a letter yesterday to Mr. Eric Varley, Secretary for Industry, that members of the working party cannot agree with the contents of Mr. Cryer's letter, which he says amounts to rejection of the working party's recommendation.

The Government had failed to acknowledge that the basic facts in the report were correct and did not seem to accept that the wool scouring industry was at a major competitive disadvantage as far as effluent charges are concerned.

Mr. Hibbert is also highly critical of Mr. Cryer's call for a new development, the Low-Flo process. "It is clear that there is no prospect of effectively evaluating this process within the next two years and even if successful it could not be adopted throughout the UK within a further two years."

The claims made by Mr. Cryer for the savings from use of this process were in any case based on a misunderstanding.

The working party had not recommended movement of the industry to the coast as Mr. Cryer implied, but had merely pointed out the advantages of doing so under present legislation.

The letter also questions Mr. Cryer's suggestion that an operating subsidy would almost certainly be disallowed by the EEC Commission.

Substantial financial assistance was already being made available on anti-pollution grounds to the industry within certain EEC member states as they moved towards more regular pollution control.

Although the working party feels it has no further useful work to undertake, the wool textile industry is anxious to continue pressing its case and would like to see a new consultative group established.

Mr. Cryer, who was Labour MP for Keighley, Yorkshire resigned from the Government this autumn over the refusal to grant further aid to the Kirkby Mechanical Engineering co-operative in Liverpool.

Scots development body prepares five-year plan

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency, which was promised an increase in its budget from £300m to £800m last week, is to submit its five-year corporate plan to the Government in the new year.

Its strategic planning team, headed by Mr. Edward Cunningham, of the World Bank, will spend this weekend putting final touches to the plan.

The intention is to take the agency away from its position during its first three years in which it has had to respond to approcahes when making equity investments or loans, to one where it can be more innovative, putting money into industries that it believes will have an above-average potential for growth.

Those are likely to include electronics, the subject of a report commissioned by the agency from Booz Allen and Hamilton, the U.S. consultants, and textiles and plastics.

More emphasis is also likely to be given to aid for small businesses and on attracting investment from abroad, particularly from the U.S., where the agency has agents and is to open a staff office, and Japan, where representatives are to be appointed shortly.

Steel output up slightly

BY JAMES McDONALD

STEEL PRODUCTION in Britain last month averaged 439,200 tonnes a week — 1.7 per cent more than in October and 12.7 per cent more than in November last year, when output was affected by a shortage of industrial gases.

But the British Steel Corporation and the British Independent Steel Producers' Association report that output generally continued to reflect the depressed level of demand over the past three years.

British Steel plants in the Northern and Scottish regions recovered from problems experienced in October, but output at the corporation's Aldwarke works in Yorkshire was affected by a fire in the second week of November.

Production in the first 11 months of this year averaged 394,100 tonnes a week, 1.7 per cent less than in the same period of last year.

UK NEWS

Hattersley orders inquiry into rising toy prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE CHILDREN'S toys and games market is to be investigated by the Price Commission at the request of Mr. Roy Hattersley, Prices Secretary.

The move results from complaints by MPs and consumer groups that the cost of toys has risen steeply, in some cases by 50 per cent on last year's price for the identical article.

Mr. Hattersley in particular has asked the commission to examine the metal toys and indoor games section of the market, where concern over prices is particularly acute.

The Government's intervention will have little effect on prices for this Christmas because the commission is not expected to complete its examination before July at the earliest.

If it finds that prices and margins are too high, Mr. Hattersley has the power to impose restrictions.

The inquiry came as a surprise to the toy trade last night. Some manufacturers saw the move as being politically inspired for electoral gain.

Retail stocks climb £526m in October

BY MICHAEL BLANDEN

STOCKS HELD by retailers have reached historically high levels in relation to the level of sales, according to new figures published in the official Trade and Industry magazine.

At book values the level of stocks in October was £5.46bn, £526m higher than in the previous month, and 16 per cent up on the same month a year earlier.

At constant prices, making allowance for the impact of inflation, the increase over the year was 8 per cent.

Official estimates of the increase in the physical level of retailers' stocks at 1975 prices and seasonally adjusted indicate a rise of £48m in October to £3.47bn.

The rise happened in a month when the seasonally adjusted volume of retail sales was little changed. As a result, the ratio of stocks to sales rose to 107.4 in October, compared with 106 in the previous month.

£57,000 altar makes history for Sotheby's

SALEROOM

BY ANTONY THORNCROFT

A VERY rare, unrecorded, late 15th-century Nottingham alabaster altar was sold at Sotheby's yesterday, a "first" for the sale room.

It was probably part of the Carthusian monastery, the Chartreuse de Vauvers, that stood behind the Luxembourg Palace in Paris. It went to a Continental private buyer for £57,000, plus buyer's premium, in a sale of medieval, Renaissance and baroque works of art, which totalled £393,055.

An English oval portrait medallion of a man, carved in ivory about 1700 by David le Marchand, sold for £42,000; a Rhenish Gothic walnut figure of the Virgin and Child fetched £19,500; and a pair of Flemish brass Gothic pricket candlesticks of the 15th century, £13,500.

An auction of 19th-century and modern prints at Sotheby's brought in £485,630. Amsterdam's Rijksmuseum paid £41,000 for a woodcut printed in colours, "Frauen am Meeresufer," by Edvard Munch. Munch was fetching prices far above estimate. "Vampyr" made £30,000; "Das kranke Mädchen," £27,000; "Der Kuss," £25,000; "Abend am Strand-Melancholie," £21,000; and "Männerkopf in Frauenhaar," £15,000.

A collection of etchings and lithographs by Edouard Manet went for £67,030. The top prices were the £5,000 for 30 etchings published in 1905; £3,900 for a lithograph of Berthe Morisot; and £3,700 for "Le Buveur d'Absinthe."

Bonhams held an auction of Old Master paintings that brought in £173,826. A pair by Juan Leal went much above forecast at £25,000, and an evening landscape by Adriaen van Oolen made £9,000. For the first time in a London auction house, a woman porter was at work.

Christie's South Kensington conducted a motoring sale that included the contents of The Derby Arms, a public house at Inskip, near Preston. A "penny farthing" that used to hang on the wall of the pub sold for £520, double its estimate.

A half concert grand piano, commissioned from Bosendorfer of Vienna in 1862 by the Empress Elizabeth of Austria as a birthday present for the Empress Eugenie of France, sold for £60,000, plus buyer's premium, at Christie's. There are very few Bosendorfer instruments on such lavish scale.

Mechanical engineers 'have missed boom'

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

LARGE PARTS of basic manufacturing industry have failed to share in this year's economic recovery, according to a report published yesterday.

It shows that sales and orders in mechanical engineering declined in the first half and prospects for next year are for only a small increase.

The report, from the tripartite Mechanical Engineering Industry working party, is distinctly more pessimistic than its last published report in August.

It says: "the economic benefits of North Sea oil are not reaching the mechanical engineering industry, but are being spent on increased imports of manufactured goods."

Quite rapid growth in the UK economy in 1978 has resulted in increased consumer spending and investment, "but imports have risen also leaving only a small benefit for UK manufacturers."

North Sea oil production is keeping sterling at a higher exchange rate than the position of manufacturing industry would justify, making it more difficult for mechanical engineering companies to compete in international markets.

This factor, combined with particularly stiff competition from foreign manufacturers as a result of slow world-wide growth, is expected to keep export orders and sales at a fairly low level next year.

In the home market, the quite substantial increase in manufacturing industry investment has given rise to only a small increase in mechanical engineering activity in the latter half of this year.

Much of the investment, however will have been in replacement of existing assets rather than additional manufacturing capacity.

A big increase in investment is unlikely to take place until manufacturing output and profitability rise substantially, and in both these areas, the report is pessimistic.

Consequently, the outlook for new orders and sales in mechanical engineering from the home market is far from buoyant.

The hope is, however, that the Government might increase its spending on construction projects, in particular, which will offset the expected investment fall in the private sector.

Levels of activity in the industry are not expected to improve much, leaving sales volume significantly below that of 1974 and 1975. The decline in productivity evident over the last three years has been halted, but is still below that of 1974.

Shortages of skilled craftsmen, particularly in the south-east but also more surprisingly on Merseyside, continue to hamper many companies.

Recruitment of professional engineers is also reported as difficult by some companies. "Since these shortages are occurring at a time when the industry's activity is not exceptionally high, there would appear to be no prospect of a short-term solution."

Mechanical Engineering Industry Short Term Trends. Published by the Engineering Employers' Federation.

Government aid to industry totals £3bn in five years

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MORE THAN £3bn of Government money has ben awarded to industry during the past five years through regional and other aid schemes aimed at boosting employment and industrial efficiency.

One of the largest allocations is a £150m regional aid package which Mr. Alan Williams, Minister of State for Industry, yesterday confirmed is being paid to Ford Motor as part of its Erica project for developing a new range of light cars.

The overall £3bn stems from the Conservative Government's 1972 Industry Act which was little used until the present Labour Government was elected in 1974 and adopted it as a vehicle for rapidly expanding state industrial aid.

Launching the Act's annual report for 1977-78 yesterday, Mr. Williams said the assistance had had a major impact on industrial investment which would be endangered if a Conservative Government were elected.

"There can be no doubt whatsoever that the assistance would be enormously cut back if Keith Josephite policies were applied," he said. "There has been a gratifying response to our sectoral schemes, and there is encouraging evidence of an upturn in the level of investment in manufacturing industry now running at a volume 8 per cent higher than in the previous year."

Mr. Williams's views are backed by some senior civil servants in the Industry Department, who can be expected to advise a future Conservative Government that the industrial aid schemes are highly cost-effective and should not be cut.

The Department estimates that the employment-orieted regional aid schemes have created 325,000 jobs since 1972, while a further 425,00 jobs have been safeguarded by all the aid schemes. The investment-oriented industrial aid schemes have generated £2.3bn of manufacturing projects.

Teh total of £3bn Government aid offered includes £767m under Section 8 of the Act which covers the various selective industrial schemes, as well as £150m for BL, formerly British Leyland, and £88.5m in grants and loans for Chrysler.

It also includes £499m on Section 7 selective regional aid, which works out at a cost to the Government of £1,100 per job created, and £1.7bn on regional development grants.

The £3bn does not include aid to the shipbuilding industry, nor aid under the 1965 Science and Technology Act, which is running at £50m to £60m a year.

The Government's largest investment-oriented aid is provided by the £150m selective investment scheme, under which £74m aid for projects worth £740m has been approved, with a £450m balance of payments benefit expected by 1982.

There are also about 15 individual industry sectoral schemes under which 3,700 applications have been made for aid. Assistance of £210m has been allocated to projects worth £1bn.

During 1977-78 nearly twice as much was spent on regional selective assistance as in the previous year. Almost 1,000 projects, with a £1.5bn total capital cost, were offered assistance of £163m, compared with £90m in 1976-77. A further £31m aid for 416 projects has been offered since March this year.

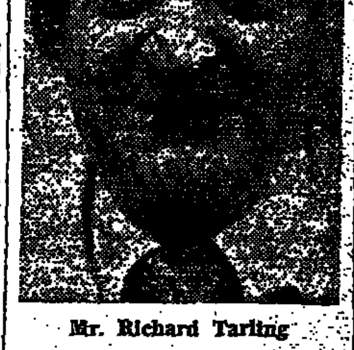
Expenditure on regional development grants reached £393m in 1977-78, wit ha further £227m allocated since the end of March.

The Government also announced yesterday that £30m will be available during 1979 from the European Investment Bank for small- and medium-sized companies expanding in development areas. The figure this years is £20m.

Thailand 12-day tour for £549

HOLIDAYS OF 12 days to Thailand for £549, "with no extra costs except personal spending money," are being launched this week by Lunn Poly. The new Thailand "worldfarer" tour can be increased to 15 days for £565.

"This covers return flights on Jumbo jets by Japan Air Lines, first-class accommodation in Bangkok and in Pattaya on the Gulf of Siam, meals, tips, service charges, taxes and seven sightseeing excursions in air-conditioned coaches," a spokesman said.



Mr. Richard Tarling

Tarling loses main extradition claim

By Christine Moir

Par Brothers International, Mr. Richard Tarling, yesterday lost his main claim against extradition to Singapore on five company law charges.

The Lord Chief Justice, in a 14-page judgment, permitted Mr. Tarling to apply for a second time for a writ of Habeas Corpus but denied his main plea that it would be oppressive to return him to Singapore given the passage of time.

Mr. Tarling had claimed that it would be "unjust and oppressive" to return him to Singapore because so much time had elapsed since the alleged offences—to which he claims he has a complete defence—were committed.

The court found no important factors had come to light since his first appeal which made the time factor any more oppressive.

As a result, Mr. Tarling's prospects of avoiding extradition to Singapore on the five remaining charges, have been diminished.

Steelworks may cut 500 jobs

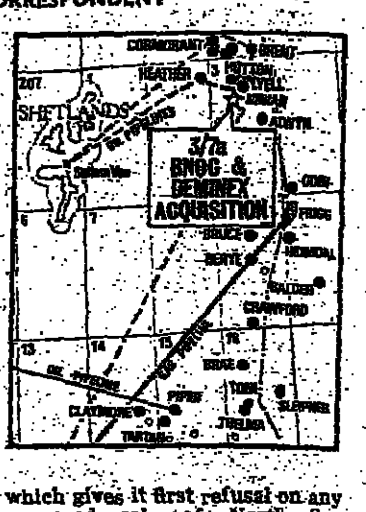
By Maurice Samuelson

A FURTHER 500 jobs may be cut early next year at the British Steel Corporation's works at Consett, County Durham, in addition to the 350 redundancies announced in the summer.

Mr. Derek Mate, general manager of the works, once the biggest producer in the North East, said last night that the staff would have to be cut further to ward off a possibility of closure and to make Consett viable. Consett is an integrated iron, steel and rolling mill.

Canadian companies sell sea oil interests for £11.5m

BY KEVIN DONE, ENERGY CORRESPONDENT



THE British National Oil Corporation and Deminex, the West German oil exploration company, are to pay $22.5m (£11.5m) for the North Sea offshore licence interests of nine small Canadian companies.

Preliminary agreement was signed yesterday for the sale of the Canadian companies' 48 per cent interest in block 3/7a.

The block is directly west of the Ninian Field, in which the corporation has a 21 per cent equity interest, acquired for £90m from Burmah Oil in 1976.

Three wells have been drilled on block 3/7A and have all encountered some oil. The first two wells, located in the top north-east corner of the block, closest to the Ninian Field, both produced oil in test quantities. The first was tested at 3,100 barrels a day of light crude.

There may be reserves of more than 100m barrels of crude oil in the block, but much more appraisal would be needed to dermine whether the find is commercial.

The corporation and Deminex appear to have paid about 50 cents a barrel for the oil.

The State oil company is prepared to pay $13.16m to acquire the UK companies in the Canada Northwest Land Group of eight concerns. Deminex is paying $9.4m for Scurry Rainbow (UK).

The corporation's acquisition has been made as part of the Government's assignment policy, which gives it first refusal on any proposed sale of North Sea licence interests. The deal is attractive to the corporation for several reasons.

The corporation has a 15.6 per cent interest in the block acquired as part of an earlier farm-in deal by the Chevron group. This deal will give it an extra 28 per cent interest in the block, making it the dominant partner.

It also has a stake in Ninian. If the finds in 3/7A are developed, it will probably be through subsea wells tied into the Ninian southern platform.

Deminex's interest is to buy more oil reserves for its parent companies in West Germany.

Consumer imports hit UK chemicals

BY SUE CAMERON, CHEMICALS CORRESPONDENT

HIGHER SPENDING on imported consumer goods is leading to erosion of the chemical market, says an economics bulletin published yesterday by the Chemical Industries Association.

The bulletin, based on official statistics, says this is a "particularly disturbing trend."

An imported car, it says, contains a much smaller proportion of British-made plastics and chemicals than a UK built model, while imported clothes have fewer home-produced synthetic fibres and chemicals.

The home market is hit by an increase in chemical imports proper. These have risen by about 11 per cent in value in the first ten months of this year.

Chemical import volume rose by 18 per cent in that period. The main reason for this is the fall in import prices through over-capacity in Europe; tough competition; and relative strength of sterling against a weak dollar.

The bulletin says that the official index may "overstate" the rise in the import volume of chemicals," because of inclusion of nuclear fuels, and the way it is compiled.

"Even so, the apparent overall rate of increase in import penetration is viewed by the industry with great concern, particularly having regard to the current over-capacity within the UK chemical sector."

Chemical exports continued to rise strongly in the second half, though not as much as imports. In the first ten months exports rose 9 per cent in value and 8.5 per cent in volume on that period last year.

Reports from big chemical concerns in the UK suggested that home sales in summer and autumn months, seasonally adjusted, showed a small underlying improvement. But company figures were "only a little better" than official ones.

Plant genetics project

BY DAVID FISHLOCK, SCIENCE EDITOR

THE NATIONAL Research Development Corporation is about to decide whether to put a "significant sum" of money into a genetic engineering project in Cambridge.

It would be its first venture into the application of a new and very controversial area of science.

The project, proposed by the Plant Breeding Institute, one of the research centres of the Agricultural Research Council, aims to improve the yields of cereal crops by the manipulation of genes.

The institute has asked the Corporation to put up cash, for a three-year research programme into selected and more applied areas of an activity in which it is already engaged. The Corporation described it yesterday as a "highly speculative project from our point of view, but one well worth doing."

A year ago the Agricultural Research Council announced plans to commit about £1m to a new research programme aimed at improving crop yields by applying the newly-discovered techniques of genetic manipulation.

The kind of information in which the council's scientists are interested would, for example, impart a greater resistance to disease or pests, or would increase the plant's yield of protein or rate of growth.

Directors' policies criticised

BY ANDREW TAYLOR

DIRECTORS OF the British subsidiary of Kuehne and Nagel, the Hamburg-based transport and forwarding group, have been strongly censured in a Department of Trade report.

The report is critical of some of the British company's operating practices and says that the atmosphere generated by the directors' "unprincipled policies" may well have had an unhealthy influence on the attitude of its employees.

The Government Inspectors report on the affairs of Kuehne and Nagel Ltd. was submitted to the Department of Trade in June, 1975. Publication of the findings was delayed until yesterday to allow criminal proceedings to be undertaken.

These resulted in charges being brought under the Theft Act against the company and three of its employees. Mr. J. C. Crosby, Special Projects Section Manager, and Mr. M. D. Williams, Liverpool Office Manager, pleaded guilty and were each fined £250, but at a retrial Mr. C. H. Hentzschell, London Overseas Department Manager, and the company itself were found not guilty at the direction of the Judge.

The Department of Trade report criticises a number of aspects of the company's business, including the practice of "cubecutting"—stating that cargo carried is less than it actually is. The inspectors found that this practice had resulted "in a considerable loss of revenue" to shipping lines.

The inspectors also criticised the group for manipulating tariffs so that a lower freight charge than that charged to the company's customers was paid. It said that on examination of 325 of the company's London files, it was found that 54 per cent of these showed freight paid by K and N to be substantially less than that charged to the customer.

It said that the misdescription of tariffs was not only lacking in commercial morality, but must also involve a calculated deception.

Balance of payments erratic

BY OUR ECONOMICS CORRESPONDENT

THE CURRENT account of the balance of payments has continued to move erratically in recent months. In the past three months visible trade was in deficit by £330m against a deficit of £217m in the previous three months. An increase in the deficit on trade in oil and a reduction in surplus on trade in finished manufactured goods were the main adverse movements. The terms of trade—the ratio of export to import prices—rose by 1 per cent during the quarter. The latest money supply figures indicate that sterling M3, which includes cash and current and seven-day bank deposits, rose by 0.2 per cent in the four weeks to November 15, on a seasonally adjusted basis.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1976		25,424	29,013	109.8	105.7	99.3	−3,973
1977		32,182	33,891	118.9	107.1	100.7	−2,804
1976	1st	5,654	6,204	106.2	100.2	100.8	−947
	2nd	6,160	7,109	109.7	106.3	98.8	−968
	3rd	6,513	7,645	110.1	109.0	96.6	−1,058
	4th	7,097	8,055	113.4	107.1	98.2	−1,000
1977	1st	7,512	8,485	115.8	109.4	98.9	−800
	2nd	7,927	8,689	118.0	109.6	100.3	−745
	3rd	8,556	8,525	124.4	106.6	101.0	−602
	4th	8,187	8,192	117.6	102.7	102.4	−657
1978	1st	8,380	9,022	120.0	114.1	104.8	−642
	2nd	8,743	8,932	122.5	110.4	104.6	−398
	3rd	9,071	9,415	126.1	116.0	105.3	−515
	June	2,910	3,021	121.4	111.8	104.2	−107
	July	3,029	3,181	126.3	116.1	104.6	−221
	August	3,005	2,959	124.4	111.3	105.7	−98
	Sept.	3,037	3,273	125.1	120.8	105.5	−196
	Oct.	3,098	3,001	127.4	111.9	105.3	−131
	Nov.	3,052	3,244	124.5	120.3	106.6	−167

* ratio of export prices to import prices

Source: Department of Trade

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	%	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	%	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1977										
Nov. 16	481	325	1.5	438	296	0.7	97	226	388	355
Dec. 14	663	233	1.1	828	442	1.0	44	308	504	161
1978										
Jan. 18	−256	617	2.8	60	1,036	2.4	747	192	−349	254
Feb. 15	113	475	2.1	386	1,047	2.4	342	287	214	960
March 15	345	142	0.6	359	292	0.6	309	560	546	598
April 19	813	369	1.6	1,755	1,152	2.5	391	259	2,043	1,431
May 17	201	213	0.9	416	403	0.9	528	739	947	1,113
June 21	−309	−94	−0.4	208	148	0.3	646	540	523	314
July 19	763	409	1.7	935	514	1.1	1,001	554	638	104
August 16	134	15	0.1	−496	−481	−1.0	−164	262	−366	−292
Sept. 20	138	510	2.1	479	570	1.2	12	202	546	713
Oct. 18	487	251	1.0	546	520	1.1	385	327	569	535
Nov. 15	30	−61	−0.2	243	103	−0.2	301	360	116	106

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills.

Source: Bank of England

The sterling money stock on the wider definition (M3) showed another sharp rise of 1.1 per cent after seasonal adjustment last month, but its growth so far this year remained below the bottom end of the Government's target range of 8-12 per cent.

FINANCIAL TIMES CONFERENCE ON INFLATION ACCOUNTING

Urgent need to decide the rules

FINANCIAL TIMES REPORTER

IT IS a tragedy that accountants have so far been unable to decide on rules, applicable to large and small companies, for calculating inflation adjusted profits, Mr. Paddy Curtis, director of finance for Guest, Keen and Nettlefold said yesterday.

Addressing more than 100 delegates at the Financial Times conference on inflation accounting, he said that the need for all companies to adopt current cost accounting principles, on as simple a basis as possible, is no less urgent now that the rate of inflation has fallen.

"At the best, the present level of inflation might be maintained but whether it goes up or down, inflation adjusted accounts must be brought into use, and the business world become familiar with their implications," he said.

Turning to the case of smaller companies, I do not agree with the suggestion that they should be provided with a short cut method of inflation accounting and that it should be left to individual companies as to how they make use of it.

One of the main objectives of inflation accounting, that of charging company taxation so that it is based on inflation adjusted profits, is unlikely to be realised unless all companies apply the same accounting methods.

"It would be more of a tragedy if leaving the smaller companies outside the rules prevents the achievement of a more rational basis for taxation."

Mr. Custis said he was not advocating an immediate switch from historical cost accounting principles to inflation accounting similar to that envisaged in Exposure Draft 18, released by the accounting bodies two years ago but subsequently set aside.

The vacuum that was created by the demise of ED 18 was partly filled a year ago by the Hyde Guidelines for publicly listed companies which were generally welcomed as a practical method of making a start on inflation accounting.

"Many managements have chosen not to use the guidelines at all, while others appear to have been preoccupied with selecting the most favourable interpretation of the rules when they have used them," Mr. Custis said.

Compliance

"As regards taxation, there has been no reaction at all from the Inland Revenue to the Hyde Guidelines which, after all, are only interim recommendations."

The usage of the guidelines was taken up by other speakers, including Mr. Barry Riley, of the Financial Times' Lex Column. "It remains a fact that a majority of companies has failed to comply with the guidelines so far—whether out of conviction or inertia is a matter for speculation." He added that the incidence of compliance with the guidelines was much greater among large public companies than it was among the smaller companies.

Mr. George Nissen, deputy chairman of the London Stock Exchange, added further evidence to the poor support given by companies to appeals to provide some form of supplementary current cost accounting information in their annual reports to shareholders.

He said that, of the 2,509 sets of accounts received by the stock exchange so far this year, only 398 had contained some form of supplementary cca figures. In 195 other cases, chairmen or directors have given cca a complementary "pat on the back" in their statements.

"To spare you the painful arithmetic, that means that roughly 80 per cent of our companies have failed even to comment," he said. "Although it is only fair to point out that the Hyde Guidelines were not issued until November 1977."

"Among our 80 per cent fail sample were many notable large companies for which there was no obvious excuse. I do not think this means, as one pessimist in our quotations department gloomily believes, that the majority of companies do not agree with the doctrine of the Hyde Guidelines."

The reason generally given by companies that failed to comply was, according to Mr. Nissen, that corporate boards, after careful consideration, have concluded that it would be inappropriate and perhaps misleading to adjust figures for inflation until standard procedures for inflation accounting had been agreed and established.

"The Stock Exchange reluctantly accepts this point of view," he said. "Probably companies will need to be pushed by a definitive set of rules. While experts argue these rules, companies will find ample excuse for doing nothing."

Some large companies have adopted current cost accounting principles with enthusiasm. Mr. Donald Mackay, finance director of ICI's largest UK-based manufacturing division, the Mond Division, said that the decision to adjust management accounts to reflect the replacement cost of asets was taken in 1975.

"In many businesses, particularly capital intensive ones, historical accounts, both management and published, are now meaningless as a measure of performance which, after all, is their basic purpose," he said.

Proper decisions

"It is positively dangerous to use them for management strategy or decision at any level, from salesman through to main board. In the national debate on prices and incomes it is extremely unhelpful if management across the country is not seen to be putting more emphasis on inflation accounting, and therefore, who can blame unions if they regard the whole initiative as a management confidence trick.

"We must move forward both nationally and internationally, to recognise the problems of inflation, and institute a system in the management and published accounts of all trading companies in order to ensure that proper decisions are being taken for the survival of efficient manufacturing industries."

Mr. Tom Watts, the chairman of the Accounting Standards Committee, also emphasised the need for accounting bodies around the world to keep in step with inflation accounting moves.

He said that close consultation was necessary to enable all parties to understand what is being done, even though UK practice "may not be able to go wholly in harnes all the way with them."

"In the field of accounting standards, the accountancy profession is a self-appointed body of law makers, making laws of a kind which affect many more people than accountants." While this was the only way to get started, it must now be time to think whether this is still valid.

"On the whole I think it is reasonable that accountants should set standards, but with the proviso that the accountants must be clear that they are setting standards up in the public interest, not just for the benefit or comfort of accountants.

"Accordingly there must be more and more consultation and openness in arriving at standards."

The conference was opened by Mr. William Hyde, chief accountant at the University of Oxford and head of the group which prepared Hyde Guidelines for the Accounting Standards Committee.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Management Staff, addressed the conference on the impact of inflation accounting on the wage bargaining process.

The conference will continue at the London Hilton today.

Scots lorry drivers strike in New Year

BY NICK GARNETT, LABOUR STAFF

SCOTLAND'S 5,000 private-sector lorry drivers have voted by ballot to strike from January 3 in a re-run of the 1974 stoppage, also over pay, which crippled deliveries to Scottish industry.

Transport and General Workers' Union negotiators for the Scottish drivers are asking the union to call a strike of drivers in all the regions of the Road Haulage Association in the UK from the same date.

They emphasised that the strike in Scotland would go ahead irrespective of decisions in other regions, unless employers made a substantial improvement in the present 5 per cent offer.

There were indications that some of the first results of the Government's decision to end its policy of sanctions against companies breaching guidelines might be felt in road haulage.

Mr. Tom Brattin, secretary of the Road Haulage Association Scottish region, said last night that negotiations would now be part of "a new ball game."

The association could not make a decision overnight on the present position, but a major constraint on employers had been removed.

Efficiency call

The association stressed that ability of the industry to pay was still a factor, and quoted more particularly the recent Price Commission report on road haulage.

The report said the industry could keep its price rises within the general level of inflation if it made itself more efficient. Implicit in the report was a warning that the Commission would not allow road-hauliers to pass on to customers increases in costs above the level of inflation.

The association welcomed the ending of sanctions, but said the Commission report, which it had not accepted, was a further powerful weapon which could be used by the Government against hauliers.

The drivers have submitted a national claim, worth 20-30 per cent, to increase the present basic rate of £53 for 40 hours to £65 for 35 hours.

Most association regions have offered their drivers 5 per cent. The Scottish offer includes an increase of 5 per cent on basic rates, higher night-shift rates, longer holiday entitlements and cash compensation for altering the settlement date.

Newspaper employers to review pay offer

By Alan Pike, Labour Correspondent

PROVINCIAL NEWSPAPER employers will review their position on the pay offer which has led to a fortnight-long journalists' strike, after the Government's decision to drop its sanctions policy.

The National Union of Journalists yesterday urged the Newspaper Society, which represents provincial newspaper employers, to resume immediate negotiations, without strings, following the vote against sanctions in the Commons. Although the society first reacted cautiously, it announced that it was prepared to review the situation after Mr. James Callaghan had told the Commons that sanctions would end.

The society has already asked the Government to treat provincial journalists as a special case, and has indicated that it is willing to make an offer worth about 9 per cent. The journalists are demanding £20-per-week increases, and claim that a number of provincial managements are prepared to pay more than the 9 per cent.

NUJ members on the Times and its three supplements, yesterday reached an interim agreement with their employers on terms and conditions for their jobs.

Times Newspapers, which suspended publication a fortnight ago, is seeking similar agreements with all chapels (office union sections). Sunday Times journalists have already signed.

The Times journalists have told the management that they accept new technology in principle, but will not do work which has not been voluntarily relinquished by members of other unions.

Refusal by the National Graphical Association to allow journalists or advertising staff to share the work of transmitting material directly into a new computer-based composing system, is the most difficult problem facing Times Newspapers in its search for industrial relations reforms.

A meeting between management and unions, chaired by Mr. Albert Booth, Employment Secretary, will resume in London today — when dismissal notices are due to go out to staff who have not signed agreements with the company. The notices will not go out before the meeting has started.

Docks leaders plan united pay battle

BY PAULINE CLARK, LABOUR STAFF

LEADERS OF more than 5,000 registered dockers employed by the state-owned British Transport Docks Board are planning a united attack on the Government's 5 per cent pay guidelines.

Representatives of some 2,000 board dockers in Hull, who this week stepped up industrial action over a 20 per cent pay claim, said yesterday that invitations were being issued to fellow dockers nationally to form a conference on pay.

They said this would be the first national meeting of board dockers separate from the national ports shop stewards committee on a major pay issue. Another 2,000 are expected to be involved from Southampton and smaller groups from 19 other ports are also likely to be represented.

Militant

The conference, planned to take place as soon after Christmas, will probably not include Fleetwood dockers. They have been alone among the board dockers to settle within the 5 per cent policy. Fleetwood was the only small port controlled by BTDB to make a pretax loss last year.

Hull dockers have emerged as the most militant so far in present pay negotiations with the board. Southampton dockers have submitted a 15 per cent claim and although they have not started industrial action they have joined Hull in drawing up their demand well ahead of their January 1 settlement date.

Shop stewards in Hull were yesterday making plans for the national talks after gaining an assurance from dockers in Southampton and other ports controlled by the board that diverted ships would be sent back to Hull.

Cargo operations in Hull have been seriously disrupted for more than a month since the dockers started their overtime ban. Delays are expected to worsen at the weekend, following a decision to extend action with a work to rule.

The overtime ban has halted weekend working and the work to rule will intensify problems. It involves strict observance of health and safety checks.

So far, the Hull shop stewards have held three meetings with their employers but each time talks have broken down on the board's insistence on firm application of the 5 per cent pay guidelines.

Sir Keith Stuart, managing director said recently that there would be no productivity deals either.

North Sea Ferries, badly hit by the Hull dispute, has offered to negotiate separtely with its 155 registered dockers providing they call off their action. But shop stewards said yesterday that at Hull dockers would stick together in the overall fight with the board, the main employers in the port.

Rolls-Royce unions urge ban on overtime

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

SHOP STEWARDS at Rols-Royce are urging the 30,000 manual workers of the state-owned company to ban overtime. That would directly challenge the Government's 5 per cent pay guideline.

The unofficial shop stewards' combine has called for the action in support of a strike, now in its fourth week, by 1,200 workers at Barnoldswick, near Colne, who object to the company's insistence that shift and overtime pay agreements negotiated this year by the Engineering Employers' Federation should be deducted from the 5 per cent annual wage award.

The issue of whether such premium payments should be offset against the 5 per cent is one of the principal battle grounds in the engineering industry's pay round.

For companies have settled, and the federation says that many employers cannot afford to honour the national agreement and offer additional pay.

Precedent

BL Cars, owned, like Rolls-Royce, by the National Enterprise Board, has set an important precedent by agreeing to implement the agreement from next February in addition to 5 per cent award. BL justified the increase to the Department of Employment by saying that the shift payments would be financed through higher productivity.

Rolls-Royce, which negotiates individually with 10 UK plants, has maintained the official laine that premium payments must be fully offset, but has tended to offer the prospect of higher earnings through productivity deals.

Extensive shift-working at plants such as Scotland, Sunderland and Derby means that implementation of the national agreement is worth nearly 5 per cent and leaves an insignificant amount for the annual pay award.

Mr. Phil Higgs, secretary of the combine, said last night that the stewards were meeting next Tuesday to consider shopfloor reaction to their recommendation. Barring overtime would have a rapid effect as the company depends on that because of its shortage of skilled workers.

Any disruption to production would be harmful when the company has won important new orders.

Railway union attacks pay free-for-all

SOME POWERFUL groups "have scorned rational determination of pay and conditions and selfishly marched on, regardless of the consequences for others or for the country," says Mr. Sidney Weighell, general secretary of the National Union of Railwaymen.

Writing in the union's weekly newspaper, Transport Review, he adds: "The NUR has never believed this to be the right way. But we cannot alone make policy, except for our own union.

"If others attempt to forge ahead oblivious of the effects we shall not fall behind. We shall be compelled to maintain our rights to justice."

The so-called free market economy still showed that it served only the haves and greedy ones. Those who suffered were the workers and those not so well off.

Civil servants criticise benefits chief

THE Civil Service Union said yesterday that it might call for the resignation of Professor David Donnison, chairman of the Supplementary Benefits Commission, over allegations of brutality involving seven union members against inmates at Camberwell Reception Centre.

The union said that it had instructed the seven, all reception centre assistants, to refuse to respond to the disciplinary charges against them and had protested vigorously to the commission over "sensational Press publicity," which, it says, "seriously prejudices" a fair hearing of the charges.

The union has protested over a meeting to be held today between Professor Donnison and representatives of the Campaign for the Homeless and Rootless, which, the union says, is chiefly responsible for the allegations and the publicity.

Attempt to save Singer plan

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHOP STEWARDS at the Singer Clydebank plant, which is threatened with closure and the loss of 4,800 jobs, will meet full-time union officials today to try to salvage the rescue plan negotiated with the company during the last six months.

The U.S. management of the company responded strongly to the rejection by the workforce on Wednesday of demands for productivity improvements and changes in working arrangements in return for new investment of up to £10m, which would have saved 2,500 jobs.

Mr. Edward Keehn, head of the European sewing machine division, said that, without endorsement of the plan, the company saw no practical way to keep the plant open.

Stewards, who have worked since the summer to persuade the company to retain 500 more jobs than was originally intended, are disappointed by the decision of their members. They are likely to leave a cooling-off period before trying to call a new meeting of the workforce, which may be addressed by Mr. Gavin Laird, Scottish executive member of the Amalgamated Union of Engineering Workers. He is known to many Singer workers from his days as a Clydebank shop steward.

The Coal Board's dilemma

THE PROBLEM facing the National Coal Board now has well defined parameters, as the Board itself has admitted in past months. In broad terms, it can be put like this: in spite of the quadrupling of oil prices in 1973-74, and the Plan for Coal of 1974 which put the industry on a new footing, its immediate dilemma remains one of finding a sufficiently large market.

The major difference between today and five years ago is that the longer term outlook is rosier than it was in the early 1970s. Then, continual decline stretched on into the future: now, coal is the officially approved substitute for oil and natural gas when supplies of these begin to run low, as they are expected to do, in the 1990s.

But in the really long term, to paraphrase Keynes, all Board members are retired. The NCB must safeguard its distant future by securing markets here and now, and that is proving an intractable task.

Earlier this month, a fresh document was added to the substantial pile of reports and forecasts recently published on coal. The House of Lords Select Committee on the European Communities pronounced on the position of the coal industry: and while little emerged in the way of policy, much was contained in the way of information.

Specifically, the evidence which their lordships called for from the country's major interests concerned with coal allowed the Central Electricity Generating Board to present its case in reasonably unequivocal terms. Its case is that it does not want as much coal in the future as the NCB wants it to want, and even if it did, the NCB could probably not produce it.

The key factor here is the fact that the CEGB will, in the immediate future, be required to downgrade coal in its order of priorities simply because it has under construction very little coal-fired capacity. The point was brought out by Mr. J. A. Jukes, the CEGB's member for corporate planning, in his evidence to the committee.

He said: "We have under construction at the moment about 12,000 megawatts of capacity of which 6,000 is oil-fired, 4,000 is nuclear and, when the Drax order is placed (i.e., for the Drax B coal-fired power station, for which orders have since been placed) that will account for 2,000 megawatts... The net capacity will go up from 56,000 megawatts to 67,000 megawatts in round figures... About 400 megawatts of capacity (will be closed down) over seven or eight years... Broadly speaking, the reduction in capacity will be from the small, inefficient, old coal-fired plant."

Understated

Thus, in absolute terms, while the CEGB has (unwillingly) committed itself to add 2,000 megawatts of coal-fired capacity to the system by the late 1980s (Drax B is due for completion in 1986) it will close down over that period something between 2,500 and 3,000 megawatts of old coal-fired stations, a loss of between 500 and 1,000 megawatts of coal. But that greatly understates the problem.

The 4,000 megawatts of capacity which is nuclear will be base load power—that is, the stations will run continuously, pushing more of the coal-fired stations on to the margin, to be brought in only for peak load, thus further depressing the coal take. Further, since Mr. Juke's evidence was given, the CEGB has called in competitive tenders for 2,000 more megawatts of nuclear capacity to be built at Heysham, while the South of Scotland Electricity Board has placed a similar order for Torness.

Also there is the joker of the oil price, and the continued availability of cheap foreign coal—between 10 and 20 per cent cheaper than UK fuel. As Mr. Jukes went on to explain: "If the price (of coal) is too high or if the Coal Board does not produce enough (our take) may be towards the lower end of the range (between 55m and 85m tonnes of coal a year), because we have our duty to produce electricity as cheaply as possible. If oil is substantially cheaper we will wish to burn it and therefore reduce the coal burn; if there happens to be imported coal available we may wish to take that."

As Lord Wynne-Jones, the committee chairman, commented, the CEGB can at times appear to be arguing circularly. "You (the CEGB) could burn more coal if the coal were available. The Coal Board could put down more pits if the price is right, but if the price is not right you would not burn more coal. Therefore why should they put down more pits?"

The Generating Board's answer to that objection — which is a major one made by the NCB, when it complains that a CEGB ordering switchback would prevent it from planning properly — is an interesting one. Mr. Jukes responded: "Our belief is that if the Coal Board is successful in developing the new mechanised pits it will be able to produce coal at a competitive price.

"What worries us very much is the fact that we do not see a sufficient number of Selby coal fields coming forward to meet our demand and in the meantime there are these high-cost pits from which we are taking coal at a considerable cost to ourselves and our consumers."

The response is interesting, in the first place because it reveals the central concern of the CEGB about coal—that the NCB will not move to highly mechanised "super pits"—along the lines of the Selby development in Yorkshire and the further developments in the Vale of Belvoir, which will be the subject of a detailed planning enquiry next year—rapidly enough to hold down prices. Secondly, it is an indication that the Generating Board is becoming increasingly willing to use its powerful leverage on the NCB to attempt to effect some changes in NCB policy.

The CEGB sees no reason why it should have to pay prices for coal which are inflated, as it sees it, by the cross subsidisation of dear coal from old, unprofitable pits by potentially cheap coal from profitable pits. Why not, it argues, close the old pits down and throw maximum effort into developing the highly mechanised fields?

It recognises the enormous problems faced by the NCB in doing so: the social costs which would be faced, and the resultant resistance from the mining unions. The CEGB does not, it says, wish to force the Coal Board's hand: but the mechanism should be clear and not, as at present, veiled behind an artificially high price and indiscriminate subsidies to the NCB from European Commission funds and from the Government.

Where social costs are incurred—and the CEGB would regard the retention of many old pits as working units to be, at least in part, a social cost—then subsidies, if given, should be clearly identified as such. Doubtless, it is not far from the CEGB's mind that if that were the case, the Government would have more incentive to put pressure on the NCB to hurry along its closure programme.

Negotiations between the two organisations about the size of the CEGB's coal take for next year (1979-80) begin in January. The NCB wants the CEGB to take at least as much coal next year as it did this (around 72m tonnes). While nothing so crude as a *quid pro quo* will be put to the NCB — that is, "you shut more old pits and we will take more coal" — that general approach will no doubt be delicately introduced into negotiations.

PUBLIC ELECTRICITY SUPPLY CAPACITY SYSTEM* IN BRITAIN, 1976 AND 1980

	1976		Under construction		1980 (estimate)	
	MW	%	MW	%	MW	%
Coal-fired	43,540	65.1	1,000	5.2	44,540	51.2
Coal/oil, Coal/gas	4,946	7.4	—	—	4,946	5.8
Oil/fired, Oil/gas	9,615	14.4	9,580	50.2	19,195	22.3
Nuclear	4,221	6.3	5,752	30.2	9,973	11.6
Others†	4,597	6.9	2,736	14.3	7,333	8.5
Total	66,919	100.0	19,068	100.0	85,487	100.0

* Central Electricity Generating Board, South of Scotland Electricity Board, and North of Scotland Hydro-Electric Board.

† Gas turbine, diesel, hydro pumped storage.

Sources: Annual Reports and Accounts 1975-76 of the three generating authorities. Tables used in submission to House of Lords European Communities Committee by Gerald Manners, Reader in Geography, University of London, Nov., 1978

Rising airport fees menace tourist trade

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CHARGES for airports and other aviation services in the UK were rising so rapidly that they could threaten Britain as a major tourist destination, it was claimed yesterday.

Mr. Dan A. Colussy, president and chief executive of Pan American World Airways, told a private meeting of the British Tourist Authority, called in London this week to discuss ways of boosting tourism to the UK, that Pan Am would fly just over 500,000 passengers between the U.S. and UK next year, rising to nearly 1m in 1988. The problems of costs and declining capacity at Heathrow were becoming severe.

Whereas in the summer of 1975, Heathrow could handle 73 runway movements an hour at peak times, next summer the airlines would be permitted only 67, an 8 per cent cut.

Peak hour passenger flows would be limited to 3,000 inbound hourly and 2,800 outbound, with no ability to exceed those limits.

"This is not exactly progress," said Mr. Colussy. The money to pay for the development of Heathrow came from the airlines' pockets, "and we'd like to know where it went, or is going to go."

Pan American was reluctant to move its flights from Heathrow to Gatwick. While a move might help to ease the strains on Heathrow, it would involve any airline in vastly increased ground costs which could influence the airline going elsewhere.

"Our charter people tell me, for instance, that they have been forced by the added ground costs, since our charter operation was ordered to Gatwick, to avoid charters to the UK."

Provided that the runway capacity at Heathrow was increased and not decreased, and provided that the proposed Terminal Four was built, Pan Am thought Heathrow could take the necessary expansion for several years.

Mr. Colussy also criticised the cost of passenger security searches at Heathrow, conducted by the British Airports Authority on the Government's behalf.

Since the Department of Trade had assumed overall responsibility, Pan Am's costs had quadrupled. "The Department will not discuss their cost methodology with us, though we pay the bill.

"Heathrow is contributing 71.5 per cent of the total screening (security) costs for all UK airports, while itself requiring only 38.8 per cent of these monies. If international tourists are wanted, *do not require them* through us to pay for internal screening within the UK."

Pan Am recognised that airports and aviation services had to be paid for, but commonsense should be used in not raising charges to the point where Britain became an unattractive destination for airlines carrying tourists.

"We will pay our way, but we submit that the tourists we bring you, and the many more we plan to bring you, are of such value to the UK economy that some share of these charges might legitimately come from the public purse," Mr. Colussy said.

National strategy sought for quality

By Paul Taylor

THE GOVERNMENT has suggested the setting up of a British Quality Board to oversee a national strategy aimed at improving the reputation of British goods and services.

The board expected to cost £500,000 a year, is one of several suggestions in a consultation *paper on* the ned for a national strategy for quality published by Mr. Roy Hattersley, Prices Secretary.

The paper comes after recommendations in several reports, including last year's report by Sir Frederick Warner on standards and specifications in the engineering industry to the National Economic Development Office, that provision of a strategy on quality should be considered.

It suggests quality is playing an increasingly important role in customer choice and examines ways in which Britain might enhance its reputation for quality and simultaneously reduce industry's quality costs.

It says that quality costs—a combination of the cost of defective goods and the provision of systems to maintain quality—could be £10bn annualy.

The paper also suggests the implementation of a national strategy for quality should be s voluntary co-operation between Government, industry, commerce and consumer organisations. However, the task of coordinating the strategy should be carried out by a single organisation, either a new body or an extension of one in existence.

The body would be responsible for implementing the strategy including a rationalisation of quality assessment systems.

Mr. Hattersley promises in a letter to interested groups full consultations over the need for a national strategy and whether a British Quality Board should be established. Comments are due before the end of March.

Plant will extract copper from waste

BY PAUL CHEESERIGHT

BRITAIN'S ONLY zinc smelter said yesterday that it was to install a plant to extract copper and lead from waste material. It is expected to start producing in mid-1980.

Commonwealth smelting is to spend £5m on the project at its Avonmouth zinc smelter.

Although the development is significant for the company, whose capital expenditure in recent years has been confined to about £750,000 for hygiene and environmental controls, new job opportunities will be negligible.

Commonwealth Smelting is owned by Australian Mining and Smelting (Europe), a subsidiary of Conzinc Riotinto of Australia, which is 72.6 per cent owned by Rio Tinto-Zinc of London.

The plant will use a technical process developed by Commonwealth Smelting. Depending on the content of the ore fed into the zinc blast furnace, copper in matte or dross form is produced as a by-product. Previously it has been refined in Europe. Now it will be handled by the new plant.

The company is not producing any production targets. The degree to which the plant will be used depends on the level of metal prices and the nature of the ore being used as feedstock for the basic zinc smelter.

Ombudsman upholds 46 complaints

By Paul Taylor

THE LATEST report from Sir Idwal Pugh, the Parliamentary Ombudsman, published yesterday, showed that of 83 complaints of maladministration by Government departments, 46 were partly or fully justified.

The seventh report for the 1977/78 session covers investigations completed between May and July this year. It includes 28 complaints against the Department of Health and Social Security of which 18 were found to be at least partly justified and 22 complaints against the Inland Revenue of which 14 were found to be partly or fully justified.

Among justified complaints against the Inland Revenue, Sir Idwal draws attention to illegal tax demands made on a widow and further demands which were technically invalid.

Rail tunnel to re-open

THE BUSY main Edinburgh-Glasgow rail line is to re-open on Monday after engineering work in Falkirk Tunnel.

During the last 11 weeks train services have been diverted via Grahamston Station to allow engineers to carry out a £500,000 improvement project in the 850-yard tunnel.

● NEWS ANALYSIS—SHORT BROTHERS

Prop-jet's £60m hope

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT'S decision to commit £60m to Short Brothers, the state-controlled Belfast aircraft and missile manufacturer, for a capital re-equipment programme taking it into the 1980s, is largely based on the company's expectations for its 30-seat commuter aircraft, the 330.

Market potential for the aircraft and the improved productivity now being recorded by the Belfast firm, should pave the way to a return to profitability after three years of losses.

The Government wants to be seen to give full support to a company which has increased its labour force by 20 per cent in five years.

Short Brothers' achievement is outstanding in a region with the worst unemployment in the UK, and represents an advancing technology in a province which has obvious problems in attracting the right kind of investment.

With the help of consultants, the company has mapped out the future until 1982 for its three divisions, aircraft, missiles and aerostructures. In the short term, the 330 Commuterliner and planned variants will be the biggest area of growth.

Development of its short-range missiles, Seacat, Tigercat and Blowpipe, will continue. As the sole contractor for podding the the Rolls-Royce RB-211 engine series, the future depends on Rolls-Royce's success in the growing civil engine market.

The prop-jet 330, a development of the company's Skyvan freighter, which has sold more than 120, has been the main contributor to the growth of the labour force by 1,000 to more than 6,200 in the last five years.

Since mid-1976, when 330 sales began, the gradual build-up of work on the aircraft has created employment at almost every level in the company.

Short's market research shows that it may be able to sell up to 300 Commuterliners in the next decade. Total market potential for aircraft in the 30-seat category over the next seven to 10 years is for between 800 and 1,000.

More than 300 of these will be needed by North American commuter and regional airlines, with the remainder spread through Europe, Latin America, South East Asia and Australasia.

Growth

The company says there is clear evidence that the larger U.S. commuter airlines, which have enjoyed significant growth during the past few years, are concluding that they must provide more fleet seats with larger aircraft if they are to avoid losing revenue and prevent the choking of major airports, where aircraft movements, particularly at peak times, are already a limiting factor.

This sector of the American market, the company believes, will prove particularly strong during the next three years or so. The biggest single order this year for the 330—costing more than £1m—was for five from Metro Airlines of Houston, Texas, the third largest commuter carrier in the United States.

Although regarded by some as squat and unattractive, the 330 has appealed to the American market because it has adapted the popular wide-bodied look of the larger short-haul jet aircraft. Reliability levels for the aircract exceed expectations and have enhanced its potential.

Firm orders

Shorts has firm orders for 34 of the aircraft, with options on a further two. This year has seen an acceleration in new sales and repeat orders. The hunt is on for between 200 and 300 qualified personnel, to expand the design, production and commercial departments, but results have been discouraging because of the scarcity of skilled labour.

The unhappy side of the story is the company's failure to remain profitable. In 1973 taxable profits of £2.8m were earned on a turnover of £27m, but the following year they fell to £1.9m, with sales down to £24m.

By 1975, Shorts managed to raise turnover back to 1973 levels, but incurred heavy pre-tax losses of £3.7m, which grew to £5.5m in 1976.

In 1977, sales rose to more than £36m, with missiles sales and servicing contributing £16.1m, aircraft £7.6m, and podding and aircraft components bringing in the remaining £12.9m. The loss, however, was still about £5.3m.

Sir George Leitch, the chairman, blamed the poor results largely on falling productivity, stemming from Shorts' inability to introduce new bonus incentive schemes under Phases I and 2 of incomes policy.

This has been rectified under a Phase 3 agreement giving 10 a self-financing productivity *scheme for all divisions* — a settlement has brought a marked improvement in industrial relations.

Cabinet members (above) and the Prime Minister (below) leaving Downing Street before the confidence vote

Labour revived by Tory babbling

By Philip Rawstorne

THE Government's confidence rose markedly during Mrs. Margaret Thatcher's attack on it yesterday.

Reeling from two defeats, the Government front bench had looked a bit apprehensive about another recital of its record.

Mrs. Thatcher, swinging into her onslaught, claimed that the Government was exhausted, dying on its feet.

She then proceeded to revive *it by going into* a furious spin herself.

Her round of charges against the Government came faster and faster until it sounded like a 33 blues record played at 78 rpm.

"Slow down, take it easy," Labour MPs unselfishly advised—but Mrs. Thatcher, barely pausing for breath, let alone a Tory "hear, hear," gabbled on frantically.

Few could keep pace with her and MPs on both sides collapsed finally in mute bewilderment.

The Government's record on inflation was the worst for 400 years, she panted. It had driven unemployment to its highest levels, borrowed and spent at profligate rates.

Babbling through the increasingly heavy silence, Mrs. Thatcher was interrupted briefly by Mr. Tom Urwin.

Was it in the best interests of the Commons that Conservative MPs, however exhausted, should be allowed to sleep on the back benches? he asked the Speaker.

The slumping Tories sat up *and demonstrated their* wakefulness with a *few* noises before Mrs. Thatcher took up the score again.

Performance

The Government had no policies left, she declared. Even the Left's manifesto was "a scissors and paste job."

"So is this," Mr. Denis Healey interposed, soto voice.

The Government had tried to create the conditions for an election in the autumn. "It didn't come off," Mrs. Thatcher snapped.

"Neither did this," chimed a Labour MP, effectively ending the performance.

Mr. ames Callaghan's opening to the debate had, in fact, restricted Mrs. Thatcher's scope. The Prime Minister's main theme was that the Tories had nothing better to offer the country by way of tackling its economic and industrial problems.

Against a background of Tory jeers, Mr. Callaghan renounced his pay sanctions but firmly resolved to continue the fight against inflation as long as he could command a Commons majority.

"The Government is not willing to give up this fight now. The progress we have made is too substantial to throw away."

Mr. Callaghan said he would join the CBI and the TUC in exploring any variations of policy that might yield success and industrial harmony.

Mr. Edward Heath, he said, had already delivered the damning verdict on Mrs. Thatcher's prospective arrangements—"they just will not work."

Nor, added Mr. Callaghan amid Labour laughter, did he see the Tory leader's odd duets of the previous night, with Mr. John Pardoe of the Liberals or Mr. Donald Stewart of the Scottish Nationalists, finding any responsive echo in the country.

PM defends pay policy but drops sanctions

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE USE of sanctions against private industry is to be abandoned as a result of the two Government defeats in the House the previous *night*, the Prime Minister told the Commons last night.

Opening thecrucial debate on the motion of confidence in his administration, Mr. Callaghan also made it clear that the Government still adheres to its 5 per cent wages policy.

Discussions would take place with the TUC and CBI to consider how this could best be achieved, and he was open to suggestions from any quarter.

'We stand by our policies. We are content for them to be judged and we are proud to defend them.'

The Prime Minister warned, however, that if the private sector took the soft option and gave way to large pay demands, then it would have to accept the consequences of "hyper-inflation."

Battling for the continual survival of the Government, Mr. Callaghan finished a robust and skilful speech by challenging the combined Opposition parties to do their worst in the vote later that night.

"We face a motley crew opposite, united by nothing," he declared, to cheers from Labour backbenchers.

"I have no confidence in any one of them or in the whole lot put together. The House must decide tonight. We stand by our *policies. We are content for them* to be judged, and we are proud to defend them."

Mr. Callaghan added: "We have governed this country in the true interests of our people."

He devoted a long section of his speech to challenging the Tories to explain precisely what their wages policy would be if they were returned to power next year.

He made particular use of the fact that Mr. Edward Heath, the *former* Conservative Prime Minister, had been strongly critical of the monetarist, free market policies espoused by Mrs. Thatcher and some of her *advisers*.

He recalled that Mr. Heath had declared, "It will just not work."

The House was debating a motion expressing confidence in the Government and in its determination to strengthen the national economy, control inflation, reduce unemployment and secure social justice.

On Wednesday night, the Conservatives and the minority parties, helped by some Labour abstentions, had defeated the Government twice over its sanctions policy.

The Prime Minister told the House that the Cabinet had met to discuss the votes of the previous night.

"We interpret the vote as meaning that the Government can no longer use discretionary powers in the private sector as a measure to counter inflation where settlements breach the Government's pay policy," he said.

"In accordance with the resolutions of the House, the Government will, therefore, no longer use such powers for that purpose.

"Firms that have been told discretionary action will be taken against them will be informed that such action will no longer be taken on that ground.

'Firms that have been told discretionary action will be taken against them will be informed that such action will no longer be taken.'

"The Government will give further details in due course."

He accepted that Wednesday's votes reflected genuine anxieties about the application of pay sanctions. But he believed that the House's decision meant that the Government would now be fighting inflation "with one hand tied behind its back."

These anxieties had been shared by the Cabinet, however, and that is why it had come to the reluctant decision to drop such sanctions.

"The House has decided that it does not want us to proceed this way—so be it. But let me make it clear to the private sector that there is one formidable sanction that remains, and it is not a Government sanction.

"If the private sector is not willing to stand firm in the battle against inflation, if it constantly takes—as it has in the past—the soft option of buying industrial peace and then passing it on to the customer in high prices, then priavte industry will face with the rest of the country the consequences once again of tumbling towards *hyper-inflation*."

Mr. Callaghan continued: "I'm bound to say that we have heard nothing so far that makes up depart from our judgment that the overall level of 5 per cent increase in earnings is the best way we can achieve our objectives."

The CBI had asked the Government for a meeting to discuss its own anti-inflation proposals and the Government was willing to meet them and would be seeing the TUC Economic Committe on Tuesday.

He thought he was entitled to ask what the Opposition's policies were. They were against a pay policy, a prices policy, sanctions for private companies and financial assistance to industry. Mrs. Thatcher seemed opposed to any policy to keep prices down.

"Name it and they are against it. Never since the 1930s had the *Tory party displayed such a* Gradgrind *image* as they do today."

Thatcher demands January election

BY IVOR OWEN

MRS. MARGARET THATCHER, the Opposition leader, called last night for a January general election and told the Commons that the Governmenthad no vestige of economic policy relevant to the nation's needs.

She accused the Prime Minister of making no attempt to explain how the Government intended to deal with the consequences of the two defeats it suffered on Wednesday night, which forced bte abandonment of sanctins against companies in breach of the incomes policy guidelines.

Mrs Thatcher maintained that, with no agreement on policy, all that united the Government was a determination to cling to the sweets of office without effectively discharging any of its responsibilities.

"It would be better if we told the people the truth—that this Government and this Parliament is dying and the time has come to rid ourselves of yesterday's men and give Britain the chance for a fresh start."

She repudiated the Prime Minister's charge against private sector companies, that, before the threat of sanctions, they had too often resorted to the soft option and surrendered to inflationary pay demands.

"Do you think Ford took the soft option by having a nine-week strike because of its support for the Government's pay policy?"

Mrs. Thatcher suggested that the Prime Minister's speech signalled a retreat from the 5 per cent policy—a policy which had been rejected by the TUC, the Labour Party Conference and now the House of Commons.

She recalled her earlier forecast that a rigid 5 per cent norm would not hold, and argued that the highly complex issues facing the country could not be dealt with by a Government fixing a specific percentage for the level of wage settlements.

An incomes policy should be only part of the total approach to the economy, in which restraint on Government spending and borrowing must be an essential element.

"The Government match the restraint it expects from individuals with restraint in its own spending and borrowing, because without that there is no chance of getting inflation down further or prosperity up."

As she had told the Conservative Party conference in October, higher wages could be financed only out of higher production, but the Government had produced no policies which would encourage extra output.

Nor was there any help for those who wanted to start small businesses, like the bakeries which had been providing so many people with *bread* in recent weeks.

Conservaitve policies, Mrs. Thatcher confirmed, would lead to a reduction in Government spending so that a bigger share of the gross domestic product could be taken up by the private sector.

"The present Government cannot and will not do this."

The Tory leader asserted that the objectives set out in the Government motion asking for a vote of confidence were so unexceptionable that they could be embraced by any Government in the world, from the U.S. to the USSR.

"It is the methods and lack of success in attaining some of these objectives which we object to," she declared.

When the general election came, the people would judge the Government on its record and she was not surprised that the Prime Minister had spent so little time on what had occurred since 1974.

During this period, Britain had experienced higher inflation than ever before and borrowed more money than ever before. The Government had also managed the "extraordinary double" of increasing unemployment while at the same time causing a considerable shortage of skilled labour.

Mrs. Thatcher reaffirmed that the next Conservative Government would adopt an incentive taxation policy which would reduce personal taxation at all levels.

The need for varied rates of pay would be recognised and the Tories would support the principle that when companies did well, their workers also did well.

In sharp contrast, she said, another Labour Government would certainly lead to further substantial measures of nationalisation, and attempts to control people's savings in pension and insurance funds.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Users given warning on micros

PROBLEMS in both hardware and software development will prevent the appearance of the "true micro-based business system for under $10,000" for some time to come, according to the head of Computer Mart Inc. in the U.S., Charles Dunning.

As other experts have done before, he warned that software for micros was difficult to write well and that business packages demanded much more time and effort to establish than they would on other types of computer. "Few software producers in the micro field were selling programs in enough volume to amortise their development costs," he asserted.

But, in the meantime, it is costing a lot more to produce good business software on a micro than on other equipment, yet buyers expect software costs to be a fixed percentage of the hardware price.

Dunning warned the business community that the lack of reliable support would be another bugbear and said it was not logical to expect a dealer who was equipped to sell to hobbyists at one and the same time to aid a business user who was running into trouble with payroll.

Anyone who thought he could get away with paying about $4,000 for a micro-based system machine and carry out five or six essential business functions on it was in for a nasty shock. He would inevitably have to add between $1,000 and $3,000 worth of hardware and anything in this range of extra software. This meant that even the smallest business-orientated unit could not work out at much under $15,000 at the very least and function satisfactorily.

The true definition of a business system should be a total package offered on a turnkey basis with enough guidance to allow the buyer to sit down and learn to use it there and then, he claimed. But it was unlikely that anything better than "slightly customised" hardware and software for small businesses would be seen for some time to come.

Support and provision of adequate software were the two great stumbling blocks, he declared.

Equally worrying, however, was the storage aspect, particularly for users with large inventory problems. Currently, a dual-floppy would handle some 5,000 items and anyone who needed 10,000 was "out of luck."

This is the latest in a series of warnings to untutored users in the U.S. not to expect miracles from the "miracle chips," despite what they can do in calculators and watches.

The nub of the problem is that the central processor that ties the whole structure together now costs a few dollars whereas yesterday it was a major source of revenue for computer systems builders. But the systems houses who would treat the processor as "just another component" are not yet organised to take over.

● INSTRUMENTS

Reliable chart recorders

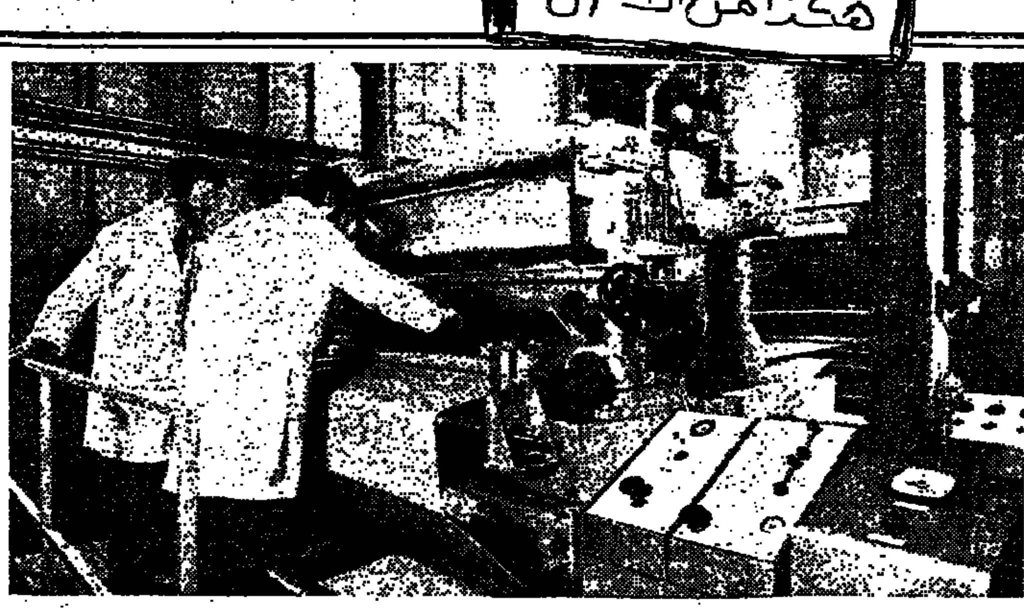
TWO MAJOR sources of problems with conventional event recorders—inking systems and moving pens—have been eliminated in the ARE-10, ten-channel recorder from Aughton Instruments, Kirkby.

This has been achieved by the use of electric writing on aluminium-coated chart paper, each of the 10 pens being energised at 30V. Each event can be displayed as a continuous, or broken line which represents the duration of the occurences. During non-event time the pens are de-energised, leaving a clean surface.

Event start response is 100 milliseconds maximum and minimum event duration 250 milliseconds at the fastest chart speed (1cm in 5 secs). Maximum event rate is 0.5 secs at fastest chart speed.

Charts are DIN standard 100mm working width, 15 metres long with trim lines printed every 2cm. Panel cutout is DIN standard size. Operating voltages are 110, 220 or 240V and operating temperature range 0.50 degrees C.

Aughton Instruments, Woodward Road, Kirkby Industrial Estate, Kirkby, Liverpool L33 7UZ (051-548 6060).



This is the first station of British Vita's new £350,000 plant for the production of polymeric coated fabrics at Salford, Lancs. The plant, which is 80 metres long, will produce materials ranging from lightweight polyurethane or neoprene-proofed nylon suitable for anoraks and many items of sports or general wear, to heavy duty double-faced pvc-coated nylon for tarpaulins and other protective materials.

● DATA PROCESSING

UK group advances

LOGICA is making financial strides, remarkable for a largely software-oriented group. In the ninth full year of operations revenues (for 1978) passed the £10m mark, against £6m in the previous year, a growth of 47 per cent. In the past three years, group revenues have more than tripled and pre-tax profit has quadrupled.

Group revenue split 56 per cent outside the UK and 44 per cent for UK-based clients. This reflects the work of Logica companies based in Rotterdam, Sydney and Stockholm and the sales office in New York, as well as exports from Logica in London.

Logica (Benelux) BV in its fifth year of operations exceeded 10m guilders in gross revenues. At 11.07m guilders they are more than double the previous year and profitability was maintained at a high level. Market trends remained favourable for the quality of service Logica provides in the Benelux area and the company continues to include many new and important clients.

Logica Pty. in Australia and Logica Svenska both reached stable profitability in their third and second year's operations, respectively.

Exports from the UK totalled £2.6m and the company contributed more than 20 per cent of all UK exports of computer consulting and software services in the year 1977. Middle East sales were particularly strong, exceeding £1m.

Logica claimed a leading position in the UK word processing market, revenue exceeding £1m and investment in this area showing a cumulative profit since its inception.

Logica, 64, Newman Street, London W1A 4S2 (01-580 8361).

Makes tests quickly

INTEGRATED CIRCUITS can be quickly tested with the Glaser Logic Probe, the LP-7000, a hand-held test instrument. Its accurate high/low discriminator and fast pulse counter make it a useful tool in the laboratory and in field service.

TTL and CMOS logic threshold levels and faulty or open-circuit conditions are precisely indicated by the high and low displays.

By pressing a push-button switch, pulses as narrow as 50ns are detected without triggering or requiring consideration of the pulse repetition frequency. Display and storage of the pulses are performed in a two-bit binary counter. Sporadic and closely spaced pulses can now be reliably detected and stored without requiring continuous observation of the display by the user. The counting frequency is in excess of 10MHz.

Its input impedance of 2 Megohms applies minimum load to the circuits under test. Input overvoltages up to 250 volts may be applied continuously without damage to the instrument. The device is fully protected against supply overloads and incorrect polarity connections.

The Glaser company is also marketing an intelligent floppy Disc Station with microprocessor which controls the collection, checking and storing of both analogue and digital data. Functions are programmable. Modular programs for the collection of measurement data are supplied after customer consultation.

Glaser Data Systems, Mynachdy, Dynevor Park, Landeilo, Dyfed, SA19 6RT. 05582 3621.

● PROCESSING

Fast sorting and crimping

IMPROVED efficiency of crimping operations on electrical contacts is promised with a machine from Vernon Instrument Company, 27, Wilbury Way, Hitchin, Herts SG4 0TS (0462 2322).

Operating from a 240 volt ac supply, the machine comprises four basic units: vibratory bowl feeder; electronic sensing unit; feed chute; and crimping unit.

Components fed into the vibratory bowl feeder, which oscillates rapidly, are then presented to the feed chute in a single line.

Transducers with the electronic sensing unit sense whether the component is feeding in the correct direction and, if this is not the case, a solenoid operates an air jet which ejects it from the basic drum.

An infra red cell synchronises the timing of the solenoid and the measuring circuit which provides and maintains a steady flow of components to the feed chute.

Components are delivered from the feed chute to the crimping unit where at the upper end a jet of clean dry air ensures that they are kept moving and are not halted by extraneous matter such as grit particles etc.

Two opposed jets positioned at the lower end of the feed chute control the number of components moving down the chute. Should a build up of components occur, the flow of air is immediately restricted between the two jets thus ensuring the operation again of the electronic sensing unit which temporarily halts the bowl feeder.

The crimping unit comprises a driven spigot with a slotted outer sleeve of hard nylon. The components pass from the feed chute into the slots in the outer sleeve, and are carried by the rotating spigot under the serrated edge of the crimping blade where the crimping operation is then completed.

As the feed rate is a minimum of 3,000 components an hour, says the company, considerable saving in manufacturing time is envisaged.

Production is speeded

THROUGHOUT EUROPE, panel manufacturers have experienced a high reject rate and subsequent wastage while veneering or laminating panels for ultimate assembly into furniture, or doors.

They have been faced with a choice between unviably slow production when using ideally-suited low platen temperatures and pressures, and expensive wastage with high temperatures up to production speed.

Now, there is a multi-daylight press, designed and built by Sergiani of Italy, which promises to solve the problem. It is introduced to the UK by Lohmann and Co., Lohmann House, Horton Bridge Road, West Drayton, Middlesex (West Drayton 40621).

Although these presses are not new in themselves, says the company, the Leomatic LAS promises ideal curing conditions to overcome the inherent problems presented by pre-catalysation of the glue and by tolerance thickness variation, without sacrificing production speed.

An important factor is that fast production rates do not arise from intrinsic speed but from co-ordinated cycle times. Effectively, the machine is ten presses in one unit with each platen operated independently but in synchronisation. If, for example, a manufacturer of hollow core flush doors wants to veneer his product with near zero wastage, then a realistic press time for that panel is typical at three minutes.

What the new press does, claims the company, is to divide the process time by the ten daylights—while each panel would still get a three minute process time, the production rate is one finished door every 18 seconds.

It is available with ancillary equipment, including automatic infeed and outfeed systems, in two model sizes catering for panels up to 1,2500 mm by 2,300 mm and 1,300 mm by 3,300 mm.

Freeze dryer for research

A HEAVY duty unit for research or pilot production in freeze drying has been put on the market by Techmation.

Known as the Virtis Freezemobile II, it has a total condensate capacity of 18 litres and can achieve a temperature of −55 deg C in less than 20 minutes or 85 deg C with optional cascade freezing.

The condenser has a clear plastics cover through which the observer can see the ice build-up during drying. An automatic hot gas quick de-frost facility is available which completely removes the 18-litre ice plug in three hours.

Five basic models are available including one with a built-in shell freezing bath and twin condenser units. Accessories include a manifold for processing greater quantities in a single cycle.

More from 85 Edgware Way, Edgware, Middlesex HA8 8JP (01-958 3111).

● COMMUNICATION

Firm future for telex service

THE POST Office has formally opened the £2.5m stored program electronic telex exchange at St. Botolphs in the City of London and at the same time has announced a further order with Plessey for a more powerful exchange to be installed south of the Thames.

This second unit, which the Post Office says will not be the last of the international gateway exchanges is believed to be two to three times the size of St. Botolphs, at a corresponding cost.

In addition there are plans to bring at least ten of the country's 50 regional telex exchanges up to date.

Among the advantages St. Botolphs will be offering next year will be the ability for a caller to shed his message to more than one destination automatically—he just dials a code and the numbers concerned. In addition, "re-try" will be offered, in which the exchange itself will keep trying an engaged number rather than the caller. In the longer term higher sending rates—up to six times the standard 50 baud—will be available.

Post Office predictions are that the present 76,000 telex machines in the U.K. will grow to 200,000 in ten years and it sees a "very firm future for a long way ahead" for the service—in spite of some gloomy forecasts by professional market surveyors that more modern techniques such as facsimile will encroach.

● AVIATION

Lasers guide the flight

BOEING'S new short-range transport, the 160-seater 757, will be equipped with a technically advanced inertial reference system (IRS) to be built by one of the leading U.S. companies in missile and other guidance equipment—Honeywell Avionics Division.

Both the 757, of which 19 have been ordered by British Airways, and the slightly larger 767, will have the Honeywell IRS and with deliveries to start in 1981, continuing till at least 1986, it is anticipated that some 1,800 IRS units will be supplied on the basis of up to three per aircraft.

IRS equipment provides the heart of the flight management system on each aircraft. It replaces current complex electromechanical units such as gimballed spinning gyroscopes with ring laser gyroscopes and computers. Together they measure angular rates and linear accelerations and immediately calculate and display values such as attitude, velocity and position.

IRS can be used, if the operator demands, as a self-contained navigation system.

Laser gyro equipment, on which Honeywell started work in 1962, consists essentially of a block of glass in which two laser beams are made to move in opposite directions. They follow a triangular path and, as long as the block is at rest, have the same frequency. If the block is subjected to an angular turning moment around an axis perpendicular to the plane of the beams, a frequency difference appears.

This is proportional to the angular turning rate and can be measured optically and a digital signal derived.

Laser gyro units are thus essentially simple, compared with their spinning predecessors. But they are also rugged, cheaper and more reliable.

A single IRS takes the place of vertical gyro, directional gyro, rate gyro, accelerometer, magnetic compass and inertial navigation units now found on the flight decks of the big airliners, representing a large proportion of the total avionics package for each machine, generally indicated to amount to roughly one-third of the cost of current models.

Because of the way in which the IRS is built up, it should be far less difficult to test and maintain than current equipment, much of which—and certainly the inertial navigation units—requires test units just as expensive to carry out periodic performance checks.

Honeywell has given the value of the contract as "multi-million" dollar and neither it nor Boeing will go into further details, presumably because the contract is virtually open-ended.

● POLLUTION

Checks smoke emission

FITTED TO the output duct of a burner or on to a chimney, a simple smoke alarm unit from Photain Controls will provide a visual or audible alarm when the smoke density exceeds an acceptable limit.

It consists of a light emitting diode in a robust cast aluminium housing fitted to one side of the chimney and a photocell in a similar housing on the other.

Sensitivity is set by a control on an associated box and if the beam is obscured to a greater extent than this pre-set alarm point then a red lamp on the control panel is illuminated and an alarm bell voltage is produced, together with a change-over of some relay contacts to provide remote switching facilities. The unit re-sets itself when the smoke clears.

Apart from providing protection in respect of the Clean Air Act, the detector can also bring to the attention of the operator the waste of fuel which is always implied when smoke is made.

Unit 18, Hangar No. 3, The 0BE (09064 21531).

Oil spills dispersed

ORIGINALLY designed for the Belgian Navy for carrying out marine surveys, a catamaran is now operating as an oil dispersing workboat in polluted harbours and other coastal regions.

The oil dispersion equipment is from a standard range supplied for inshore operation fitted by Biggs Wall and Co., Hampden House, Hitchin Road, Arlesey, Beds. It comprises a portable pumping unit driven by a Petters AA1 air-cooled diesel engine which delivers a controlled flow of non-toxic dispersant to spray beams mounted on each side.

Oil and dispersant mixture is thoroughly agitated by trailing breaker boards causing the oil to be broken down into tiny droplets. This increases the surface area of oil exposed to micro-organisms in the water, so speeding up the process of degradation.

This equipment and attachments are easily removed from the craft for it to carry out duties such as mooring and harbour-master's launch or diving platform.

● MATERIALS

Keeps walls free from fungi

BROAD spectrum biocide free from phenol and containing no heavy metals has been called Parmetol DF12 by Sterling Industries.

It is an in-can and film preservative likely to interest manufacturers of water-based paints and similar types of product.

Based on a combination of halogenised acid amide derivatives and heterocyclic compounds, Parmetol DF12 is effective against aerobic and anaerobic bacteria, yeasts and moulds. For in-can preservation of aqueous paints it would be added at concentrations varying between 0.1 per cent and 1.4 per cent.

Used as an anti-fungal surface treatment for walls and ceilings, such as in the brewing and food processing industries, it can be applied by either brush or spray method at concentrations from 1.0 per cent to 3.0 per cent.

Further information from the marketing department Sterling Industrial, Chapeltown, Sheffield. S30 4YP. Ecclesfield 368173.

● IN THE OFFICE

Copes with many texts

SPRINT 5 from Facit of Sweden will print up to 10 copies, using any one of more than 50 typefaces, and it can be used as a question/answer terminal or as a print-out unit in word processors.

Apart from the actual typing, operators have a choice of 58 different instructions to the processor from diagnostics to form control and including memory for tab settings.

The type faces include scientific symbols and the special characters used in the Scandinavian languages, as well as in French, German and Spanish.

Printing speed is 45 or 55 characters per second and there is automatic line justification and plotting with up to 5,760 points per square inch.

Facit Data Products, S-105 45, Stockholm, Sweden.

THE PROPERTY MARKET BY JOHN BRENNAN

The 'small tornado'

NEVILLE CONRAD has had a difficult week. The chairman and chief executive of Regional Properties has spent the past few days in the High Court recalling the events that led to Regional's £10m-plus losses on the abortive St. Stephen's Precinct development by the West London Air Terminal in Kensington.

Mr. Conrad found himself in Court Number One of the Old Bailey's West Annex as a key prosecution witness in the trial of Charles Hudson. Mr. Hudson, a former chief planning officer of the Royal Borough of Kensington and Chelsea, is charged with corruptly receiving cash and other benefits as an inducement to show favour over planning applications. And his trial, the result of a three-year investigation by the Chelsea Police, covers ground that forms the basis of Regional's separate civil action for more than £10m damages "due to fraud and/or conspiracy to defraud . . ." against the borough of Kensington, Mr. Hudson, Edward Pineles, who sold the St. Stephen's site, surveyors' Michael Laurie and Partners, and Elliott Bernard of that firm.

As teams of barristers, a strong contingent of police, and a rather bemused looking jury waded through the mountain of papers amassed for the case, Mr. Conrad told the court of the weeks in the summer of 1973 when, to quote Mr. Hudson's statement, he swept into the planner's office like a "small tornado" on his way to the £9.5m purchase of the St. Stephen's site.

Mr. Conrad told of meetings with Mr. Hudson who, he said left him with, "the clear impression" that Regional would "certainly" be allowed to develop 80,000 sq ft and could "probably" build 100,000 sq ft of offices on the site.

Asked by Mr. Hudson's defense council why he did not check the planning position with either Kensington's development committee or the Greater London Council, Mr. Conrad explained that the site had only come to Regional's attention two weeks before the date of its sale by tender. He spoke of his first meeting with Mr. Hudson in May 1973 just 8 days before the tender date and said that apart from the lack of time, he knew from experience that the GLC did not welcome planning enquiries from a developer that did not yet own the land. He said that he had relied upon his discussions with Mr. Hudson and upon the favourable outline of the council's attitude to development of the site carried in a letter signed by Mr. Hudson and reprinted in the tender documents.

Mr. Conrad said that "We did not deem it necessary (to make wider investigations of the planning position) in view of the catagoric statement given to us" (by Mr. Hudson). Mr. Conrad also told the court that he had trusted Mr. Hudson and had relied upon his advice, "we expected truthful guidance on these points from a borough planning officer."

On a number of occasions Mr. Conrad was asked by the defense council whether he had been over-enthusiastic about tendering for the site. He was asked about a telephone conversation before the tender with Sydney Kaye, the architect who had drawn up provisional redevelopment plans for the St. Stephen's site. In that call Mr. Conrad was reported to have said that, "I intend to make a very bullish attempt to acquire here." Replying to the defense council's suggestions that he had been too keen to acquire the site, Mr. Conrad accepted that he had been "enthusiastic" about it as a result of his talks with Mr. Hudson. But he made it clear that had he known then that a major office development would not be accepted by the council Regional, "would have pursued the scheme no further."

Mr. Conrad spoke at length about the circular to Regional's shareholders that was posted in August 1973 and which carried a valuation certificate by Jones Lang Wootton saying that, on the information available to the surveyors, the £9.5m paid for the site was "reasonable." Although JLW had helped to sell the site for Mr. Pineles, Mr. Conrad confirmed that he got Stock Exchange permission to ask the same firm for a valuation on the condition that a JLW partner not involved in the sale dealt with the certificate. Mr. Conrad said that he chose JLW because they knew the site and could produce a valuation quickly. But he told the court that he would not have used the firm "if I knew then that a partner (of JLW) had assisted in drafting that letter" (the letter signed by Mr. Hudson that appeared in the tender document). Asked by Judge Brian Gibbens QC if he knew this as a fact, or if it was merely hearsay, Mr. Conrad said "I've been shown a letter."

The JLW valuation was, he explained, based on a development appraisal by Regional for which Mr. Conrad accepted "ultimate responsibility." That appraisal in turn was based on plans for a 270,000 sq ft development, half office and half residential. Mr. Conrad explained that the 135,000 sq ft of offices consisted of the 100,000 sq ft of "pure" offices that he believed "probable" after his talks with Mr. Hudson, and a further 35,000 sq ft of "hybrid" offices that he had "clearly understood" from the planner could be brought into the scheme for "diplomatic or embassy use."

In May 1974 Regional was "shocked" to learn that Kensington would not accept a major office development on the site, and Mr. Conrad told the court, "once we established that we had come against a brick wall with the planners, and had obviously been misled," he attempted to win permission for a smaller scheme.

He said that after May 1974 "we were trying to make the best of a bad job once we saw that we were not going to get what we had been told we would get." And in the following months other schemes were proposed, and rejected.

The site was eventually sold piecemeal after the group abandoned development plans late in 1975. And even on a conservative estimate direct costs and years of interest charges must push Regional's loss on the land over £10m.

Mr. Conrad told the court of the extent of his misfortunes in site acquisition between early 1972 and late 1974. In that two year period he bought 9 sites for "comprehensive redevelopment" by Regional, including the St. Stephen's Precinct land. Of those 9 only one had been fully redeveloped and one partially redeveloped.

Mr. Hudson's trial continues without the jury as Judge Gibbens considers a point of law.

Hugh Routledge

Even a £7m cost overrun to £18m has not dampened Coutts and Company's enthusiasm for its spectacular Nash refurbishment by Charing Cross Station.

Her Majesty the Queen, one **of the bank's more distinguished customers, formally opened the building yesterday, nearly 10 years after the first plans for a reconstruction of the 1826 building. Coutts, which has occupied the triangular block since 1904, pushed Sir Frederick Gibberd's reconstruction design through a series of GLC, conservation, and Department of the Environment enquiries. Now that the work is completed, Hillier Parker May and Rowden has been appointed to choose a suitable mix of tenants for the 21 shops within the building and a tenant for 30,000 sq ft of surplus office space.**

IN BRIEF

CHESTERTONS may soon be the first British agent to establish an office in Switzerland. The firm, which is one of the only agencies with regular experience of the Swiss and Scandinavian property markets, has been running its occasional business in these areas from its City of London offices for the past three years. But the volume of agency and valuation work now justifies a full-time branch.

Agency work for the Hennes and Mauritz AB stores group of Stockholm could provide a comfortable fee base for the new office as H and M begins an expansion programme throughout Switzerland. Two shops acquired for the stores group by Chestertons give H and M 10-year leases on an 11,800 sq ft unit on the Rue du Marche in Geneva and a slightly smaller shop on the Freie Strasse and Falknerstrasse each costing SwFr 500,000 (£149,000) a year.

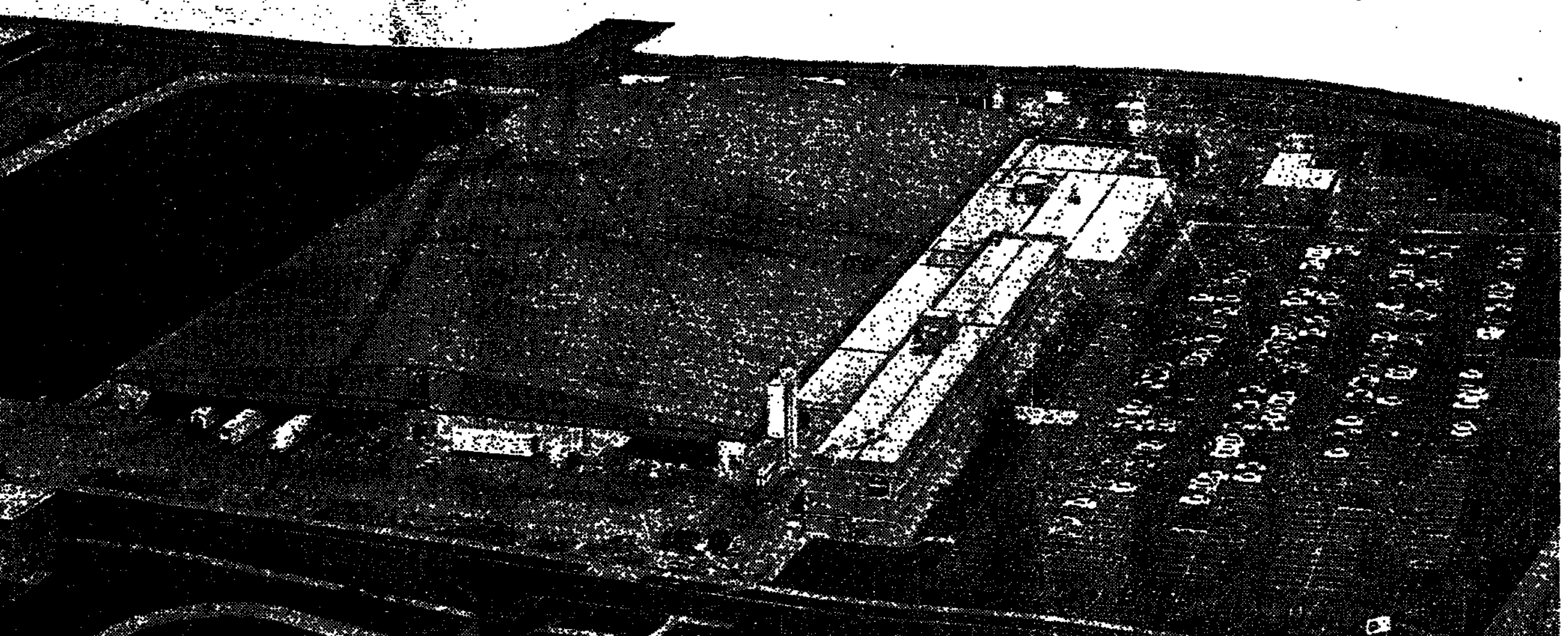
●

GEORGES M. L. DE WANDELEER, head of the Bernard Thorpe and G. de Wandeleer SA agency in Brussels and Antwerp, has been elected president designate of the Federation Internationale des Professions Immobiliers (FIABC).

Mr. de Wandeleer, who was born in Kingston-on-Thames, takes over the presidency at FIABCI's next annual conference to be held in Tokyo next June.

To keep him occupied until the Japanese conference Mr. de Wandeleer's firm is offering the 260,000 sq ft Antlantic House offices on the Antwerp waterfront for sale for £12½m. A third of the Dutch Ogon Group owned building has been let, the rest is on offer at £3 a sq ft; the same rent Thorpe achieved for the 125,000 sq ft it has let (to British Leyland) of Shell Pension Fund's North Trade Building close by.

INDUSTRIAL AND BUSINESS PROPERTY



PROPERTY DEALS

Etridge's return

TONY ETRIDGE, whose Cox Industries rose and faded from the lists of quoted property groups between 1973 and 1977, now runs a private property group, imaginatively named Tony Etridge Properties. Sterling Land Commercial Developments, Etridge's property investment side, has been busy meeting the demand for small industrial units by converting older, multi-storey factories. And Sterling's 39,000 sq ft former Lenton Works at Castle Boulevard, Nottingham, has now been either let or is under offer.

Lettings so far include 11,700 sq ft let on a 21-year lease with three-year reviews to Ronhouse Joinery for 68p a sq ft and 7,850 sq ft to End Packaging for 12 years, again with three-year reviews, for an initial 76p a sq ft. Not bad for a building that dates from just before the turn of the century.

Mr. Etridge believes that these late Victorian properties offer high yields at low risk as the space "meets the huge demand from new firms, who, in the embryo stage, need to find premises to set up operation before expanding into larger premises on an industrial estate."

●

HASLEMERE ESTATES has now let the whole of its 13,000 sq. foot Georgian refurbishment at 34, Grosvenor Street and 3 King's Yard in Mayfair. The building, refurbished by Haslemere in conjunction with the Refuge Assurance Company was let through Barrington Laurence to Costal States Petroleum (UK) for "in excess of" £10 a sq. foot. Jeffery Young and Anthony Lipton acted for the tenants.

●

PRIVATE property investors, Standard Securities of Arlington Street, SW1, have bought Legal and General Assurance's shop and office block in Queen Victoria Street, Reading, for "in excess of £1m." Weatherall Green and Smith along with Healey and Baker advised the fund, which has sold a current rental income of around £60,000 a year from the 11 shops and ancillary offices in the block.

●

JACKSON-STOPS and Staff and Clark Quinney and Company's offer by tender of 104 Lancaster Gate W2, which is open until December 20, brings just under 7,000 sq feet of net office space onto the market, not 2,286 sq feet as reported earlier.

●

LESLIE LINTOTT, having found a 200,000 sq foot Aberdeen headquarters site for Occidental, has now been appointed joint letting agent with F. G. Burnett on Aberdeen Construction's ½m sq foot scheme at the Hill of Rubislaw on Anderson Drive. The first speculative 60,000 sq foot phase of the building is already under construction and due for completion in 1980. Further up the coast, at Peterhead, Knight Frank and Rutley has now sold 40 acres of industrial land to the west of the harbour to Peterhead (BOC) Base. BOC is starting work on a £2.5m 135,000 sq foot office and warehouse block with 15 acres of open storage.

●

TESCO STORES' Home n' Wear Division has paid around £1m for the long leasehold of an 83,360 sq ft factory in Milton Keynes. The five-year-old buildings, which include 9,600 sq ft of offices, were held by Tactful Finance on a lease from the Development Corporation running until 2072. The lease, costing just £5,600 a year before its first 14-year review in 1987, was sold to Tesco by Clive Lewis and Partners acting for the finance house. Tesco's estates department handled its own negotiations.

In another New Town deal, Debenham Tewson and Chinnocks, acting for a food group is asking £160,000 for the remaining 88 years of a lease of 4 acres of industrial land and a 37,000 sq ft factory building in Avondale, Cwmbran New Town in South Wales.

●

EQUITY AND LAW Life Assurance has paid just over £2.5m for a long leasehold on Allied Suppliers' Scottish Regional Headquarters and distribution depot on Inchinnan Road, Paisley.

The Abbotsinch Depot, close to Glasgow's Abbotsinch Airport and the M8 Motorway, is 10 years old and includes 35,000 sq ft of offices and 200,000 sq ft of warehousing on a 14.8-acre site. Equity and Law, which takes an initial yield of 8.5 per cent on the investment, was advised by Clive Lewis and Partners. The fund bought on the strength of the Cavenham Group-owned Allied Suppliers' 50-year loan on the space. Allied pays £215,000 a year until the first five-year review in 1983. Alliance Property Management, another part of Sir James Goldsmith's empire, handled the sale.

●

COMPASS SECURITIES has let the whole of its 25,395 sq ft office refurbishment at 19 Eastcheap, EC3, to Jardine Matheson for £10 a sq ft. Compass, represented by Jones, Lang Wootton and Edward Erdman recently completed the listed building, which includes 3,190 sq ft of basement storage.

●

INDUSTRIAL AND COMMERCIAL Finance Corporation (ICFC)'s subsidiary, Anglia Commercial Properties, has sold its recently completed 21,700 sq. foot office and warehouse scheme in West Bromwich to the National Provident Institution for £415,000. National Provident, advised by St. Quintin Son and Stanley, takes an initial yield of 7.7 per cent on the property, which has been leased to Securicor for £32,000 a year. Anglia's scheme—15,400 sq. feet of warehousing and 6,300 sq. feet of offices on the A41 Holyhead Road near the headquarters of West Bromwich Albion Football Club was let and sold by its agents, Elliott Jones Martin of Birmingham.

JB

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The palace revolution that helped bring Burton back from the brink

BY DAVID CHURCHILL

IF FRANKNESS were the only key to managerial success then the new management at the Burton Group, the largest menswear operation in the UK, would have few problems.

At a special meeting earlier this year Burton managers were quite bluntly told of the plight facing the company when new management took over in late 1976 and early 1977. The situation showed:—

- a company making no profits and in fact, losing some £5m in the 1976-77 financial year;
- low staff morale and too many dissatisfied customers;
- shops that were out of date and the wrong size and shape for modern retailing;
- over-complicated and time-consuming administration systems;
- made-to-measure tailoring declining fast, with no successful alternative available.
- stock and sales information systems that did not work, and not enough of the right merchandise;
- competitors who did just about everything better than Burton;
- and, perhaps most disastrous of all, no clear idea of who Burton's customers were.

Even though the saga of Burton's attempts to come to grips with changes in the retailing world during the 1970s had been well chronicled, such frankness must have come as something of a shock to the ranks of middle management at the meeting. Even if the managers were also told of the positive steps the new management was taking to overcome the problems, the language still seemed remarkably frank, especially when it must be remembered that the group's chief executive from 1969 to 1976, Mr. Ladislas Rice, is still the group's chairman.

But if the "new" management team (some had actually been with the company several years) headed by Mr. Cyril Spencer and Mr. Ralph Halpern—respectively group managing director and retailing chief executive and deputy managing director—were walking an internal political tightrope over their frankness, then it was because they felt the situation badly needed some straight talking.

Revamp

Ralph Halpern, who along with Cyril Spencer created the successful Top Shop ladies fashion chain and revamped the Peter Robinson womenswear flagship at Oxford Circus, is in no doubt that Burton's fortunes have taken a turn for the better. His argument rests on the basis that while Burton was previously a clothing manufacturer with retail outlets, it is now a retailer with interests in manufacturing. The shift in emphasis may not seem all that significant but for the £153m a year turnover Burton group it could mean the difference between catastrophe and growth.

Like other companies whose reputation was larger than their trading performance, Burton's problems stemmed largely from its history. Before the second world war the company's founder, Sir Montague Burton, had built up an impressive tailoring operation from his Leeds base, an operation that included several large clothing factories and many hundreds of retail outlets in prime High Street sites.

Cyril Spencer, managing director of the Burton Group.

Even stockbrokers J. and A. Scrimgeour, whose trenchant criticisms of Burton's management in the mid-1970s had helped lead to the "palace revolution" of late 1976 when Spencer and Company took over, had made clear their belief that without some such change Burton's "could have haemorrhaged almost, if not to the point of, death."

Yet within some 18 months of coming to grips with the immediate problems facing Burton—or "biting the bullet" as Scrimgeours so succinctly describe it—the group appears to have achieved a remarkable turn-around in profitability. Last year's loss of £5.08m has been turned into pre-tax profits this year of £7.55m, according to the preliminary final results announced a week ago.

Such a dramatic reversal in fortunes, however, begs the question of whether it heralds a new era for one of the most famous names in the High Street—or is it another of the group's "false dawns" of recent years?

After the war, Sir Montague, before his death in 1952, had capitalised on manufacturing and trading assets by offering made-to-measure tailoring—previously the prerogative of the wealthy—to the masses at a realistic price. But while this sharp marketing ploy further established Burton as the country's leading tailors, it was never seen as more than a means to create more work for the company's factories. But the bespoke market started to show signs of decline in the late 1960s as customers began switching to ready-to-wear suits and casual clothes, bought from stores with an image nearer to the "Swinging Sixties" than was Burton's stolid traditionalism.

Casual

The Burton family's reaction was to bring in a new chief executive, Mr. Rice, who came from outside the clothing trade. Mr. Rice's strategy appeared to be that, if tailoring was in decline then Burton should utilise its massive property and trading assets to expand by acquisition into other forms of leisure retailing. Critics have since suggested that it might have been better to have concentrated on retailing menswear — which Burton knew best — rather than to seek diversification into unknown markets.

Thus the acquisition strategy led to the purchase of Evans Outsizes womens wear shops and the Rymans office supplies business—both acquired in 1971—followed by Greens Leisure Centres in 1973. In addition, the group launched a range of children's wear shops called Orange Hand.

But these moves proved less than successful. Greens was subsequently sold to Debenhams, the Orange Hand chain shut down, and Rymans has only just come back into profits following substantial reorganisation.

Although Evans shops' profitability slumped in the mid-70's—profits have since recovered, however—the move brought Mr. Spencer (as its owner) into the Burton Group as well as introducing Evans's streamlined administration systems which have subsequently been introduced into the other retail operations with some success.

The combination of the unsuccessful diversification moves and the acceleration in the move in the 70s away from suits, especially from made to measure, into casual wear, forced Burton to rely more than ever on its property assets, valued at over £130m. But even these considerable assets could not avert the steep dive into financial loss between late 1975 and 1977.

Drastic surgery was obviously required: six factories, 120 shops and nearly 8,000 jobs have all been axed in the last two years. Although a painful rationalisation for the company and its employees, the cut-backs were implemented speedily. "The ability to act with speed and determination had long been a factor missing from the Burton Group," point out Scrimgeours.

Actress Fiona Richmond opens one of Burton's new Top Man shops.

But ruthlessness in pruning an ailing organisation is not in itself a recipe for success. The key to Burton's future prospects undoubtedly lies with its renewed emphasis on retailing. In Spencer and Halpern, Burton are said to have two of the successful retailers of the 70s, both with proven track records—Spencer with Evans and Burton's womenswear and Halpern with Top Shop and Peter Robinson.

The problems they identified with the retail side of Burton's included poor quality merchandise, outdated and too-small stores, and, perhaps most significant of all, virtually no impact in the fast-growing young men's market worth some £790m a year. Burton's image was too old-fashioned to capture a new young market; attempts to do so only served to alienate the bulk of Burton's customers.

The solution adopted was to create two separate chains—one to cater for the 15-24 age market—called "Top Man"—and the other for Burton's traditional 25-44 plus market. Such market segmentation had been successfully carried out on the menswear side with Top Shop and Peter Robinson.

Halpern believes that Burton's substantial assets and experience can enable Top Man to become a market leader quickly, especially since the younger menswear market is fragmented with no established dominant chain. The Raybeck Group's Lord John chain and Irvine Sellars's Mates are two of the largest chains at present in the market.

Stock control

The latest Top Man shops, opened in London's Regent Street last week and Glasgow earlier this week, brought the total stores opened to 45 in little over a year. Since some 40 per cent of purchasers in menswear shops are made by men and women shopping together it seems likely that Top Man and the established Top Shop chains will trade together in some areas, as Raybeck has already done with its "Lady at Lord John" stores.

The decision to "hive-off" the younger market in a new chain also enabled Burton to concentrate on its traditional customers through its main shops. To improve its merchandise quality and style it has recruited new buyers and moved the buying function to London from Leeds to enable it to be more sensitive to changes in fashion. The made to measure side, although not as important as it was, is still an important part of Burton shops and has been reorganised to improve quality and delivery times.

Burton's shops themselves are being extensively modernised and small shops replaced with bigger units. All Burton stores are due to be modernised over the next three years. At Richmond, Surrey, one of the early modernisations, sales have spurted by 108 per cent.

New computerised stock control and administration systems have also been introduced into the menswear side, as a result of the success in the womenswear side, copied from the Evans' systems.

The overall management structure of the company has been simplified as well. The move from Leeds to London for senior management, meant that top executives from the successful womenswear side could also overlap with the menswear side, although each operation maintains a different management structure at a lower level. In addition, the effective running of the company has been delegated by the Board to an operations committee, comprising the chief executives of each division, which meets once a fortnight.

Whether these management changes—and the re-organisation of the company's philosophy firmly towards menswear retailing instead of manufacturing—will pay off in the long term is not yet certain. It is no easy task to re-motivate an organisation the size of the Burton Group, with its massive assets and established traditions.

But, certainly, the new top management is trying to get the message across. At the managers meeting when the company's problems were so frankly revealed, the managers were also told of the plans to change the group's image and were asked for their total support. "Think positive and stop worrying about closure," they were urged.

Moreover, the managerial pep-talk included telling staff and customers about the new developments at Burton. "Convince them that you believe that it is right and that you support what is going on. Your staff play a vital part in the success of the business. Get them behind you."

Putting price in its proper place

THERE has been a crescendo of complaint in recent months to the effect that British industry places too much emphasis on the price competitiveness of its products, and underrates such "non-price factors" as delivery, design and service.

This persuasive criticism, particularly enthusiastically promoted by the National Economic Development Office and its plethora of working parties, has gone virtually unquestioned.

Now, a research team from the Derby Lonsdale College of Higher Education has conducted a survey*, the results of which appear to challenge this growing consensus. Or do they?

The researchers certainly think so. Their survey of purchasing attitudes in 62 UK companies, from four industrial sectors, confirms "that price is still the dominant feature," to quote their summary report. But their comment that "non-price factors seem of little importance" needs to be qualified. As, indeed, does the relevance of their survey findings so far to the competitive performance of British industry as a whole.

The four sectors covered were: retail stores; wholesalers of domestic electrical products; construction companies; and "service industries."

Buyers were asked to allocate 10 points between four criteria: "design appeal"; price; "back-up service"; and delivery. The overall response was to give price 3.5 points; delivery 2.3 points; service and design appeal each 2.1 points.

This overall breakdown hardly seems to justify the conclusion that "non-price factors seem of little importance"; nor does the sector-by-sector breakdown, except possibly for the construction industry. The most extreme example is retail store buyers, who ranked design as only marginally less important than price (2.9 points versus 3.1 respectively).

To be fair to the researchers, they themselves suggest that UK buyers' considerable emphasis on price competitiveness may "condition" British suppliers (to neglect the other factors). "Is it surprising that we fail to react to our export customers?", the researchers wonder.

A much clearer picture will, it is to be hoped, emerge from the next stage of the team's research, into comparative purchasing priorities in France, Germany and Sweden.

* *"Non-price factors." Further information from R. P. Toone, Research about Manufacturing Policy, Derby Lonsdale College of Higher Education, Kedleston Road, Derby DE3 1GB. Tel. 0332-47181.*

C.L.

هكذا من الأصل

"I had never liked Hamilton at university, so when I saw him in the showroom looking fondly at the six cylinder Volvos, I'm ashamed to admit my reaction was frankly petulant."

I had been looking forward to my visit to the Volvo showroom for days.

To be honest, I had already made up my mind which model to buy but I wanted to enjoy for one last time the pleasures of indecision.

"Should I take the saloon or the estate? Would the GLE be better than the GL?" – such were my musings as I entered the showroom and saw Hamilton.

We had not met for almost twenty years yet we recognised each other instantly.

"Hello Hamilton," I said as we shook hands, "I'm surprised to see you looking at a Volvo."

"Why on earth is that, Thomas?," he asked.

"I'd have thought you would have wanted something more . . ."

I hesitated. 'Obvious' was the word that sprang to mind but, to my credit, 'extrovert' was the word I used.

He smiled. He had not lost that easy attractiveness that had always made him so unbearable as an undergraduate.

"You're wrong, Thomas" he said. "All motor cars are an extrovert statement of some kind, the Volvo included."

I waited for him to continue.

"Some cars say that the owner is wealthy. Some that he is still young. Some that he is no longer young but would like to be...

"And what does the Volvo say?" I asked.

"The Volvo says one thing above all – it says that the owner is intelligent."

Since these were precisely my own hidden feelings, I felt a certain annoyance at Hamilton airing them so openly.

"Let me explain," he said. I was led to a gleaming Volvo 264 GLE saloon where he deftly opened the bonnet.

He had a familiarity with the cars that made me think he must have been a Volvo owner for some time.

"Look at that engine," he said. "The perfect balance between power and economy. Six cylinders with fuel injection but a light alloy block and cylinder head."

"It's 2·7 litres isn't it?"

I felt obliged to make a contribution. I was still wary of Hamilton's past fondness for the monologue.

He nodded and lowered the bonnet.

"It takes nine hours to paint a Volvo, did you know?"

"No, I didn't." I smiled at his erudition. I remembered that he had always been blessed with a photographic memory, a fact which had often caused me great envy as I can remember very little unless I write it down.

"Nine hours and a journey of almost four miles along the paint-lines." He was for a moment lost in contemplation, then suddenly he sprang into renewed action.

"Come here and sit inside." He had opened the driver's door and I followed in the wake of his bustling enthusiasm.

"Can you imagine" he said, "any other car giving you quite as many comforts for £8,492?"

For the next three minutes he expounded on the attractions of the GLE: power steering, air-conditioning, metallic paint, electric windows, electrically operated door mirrors, steel sun roof, plush velour seats – the list seemed endless.

Despite myself, I warmed to his knowledge and attentiveness.

"It's very decent of you to give up your time in this way, but actually I'd more or less decided on the estate car version, the 265."

He chuckled. "Let me show you something." He reached for his wallet and handed me a photograph.

It was a picture of four boys weighed down with fishing gear. They were standing by a Volvo 265 estate and their parentage was written all over their faces.

"It seems we have similar needs," I said. "I have three boys and a daughter."

"Funny how car safety seems less of an abstraction with a cargo like that." He spoke almost tenderly as he put the photograph back into his wallet.

I felt ashamed of my earlier animosity and I asked him what he was doing these days.

"Well, actually I own a motor company – this one in fact, I was just on my way out when you came in."

When we had finished laughing I suspected I had gained a new friend as well as a new car.

As things turned out both were going to sustain me for a very long time.

The Volvo 264 GLE.

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Cold comfort for the boat people

By MARGARET VAN HATTEM, recently in Geneva

THE ARRIVAL of the small freighter Hai Hong, crammed with 2.500 Vietnamese refugees, in Malaysia last month finally focused world attention on one of the more horrifying after-effects of the wars in Indochina.

The problem has been growing since 1975, when Saigon became Ho Chi Minh City, and hundreds of thousands of Indochinese refugees began to leave their homes for neighbouring South-East Asian countries. But the drastic rise in numbers over the past two months has confounded all estimates and resulted in insupportable strains on the two main recipient countries — Thailand and Malaysia.

This week in Geneva's marble-walled Palais des Nations, 36 governments, representing some of the richest and most powerful countries in the world, got together to see what could be done. It was clear from the outset that they were more concerned with explaining why they could not help than with trying to come up with some answers.

Since 1975, about 450.000 people have fled from Laos, Vietnam and Cambodia. Around 200.000 of them are living in temporary camps in Thailand and Malaysia, mostly awaiting resettlement in Europe, North America, or Australasia. There could well be 35.000 or more of them by the end of next year.

During the past two months, the number of refugees leaving Vietnam in small boats has risen so sharply that they are now flowing into Malaysia ten times faster than they are moving out again. In August, fewer than 3.000 "boat people" arrived in neighbouring countries (mainly Malaysia). In October 12.540 arrived and last month there were 21,395. Many more are believed to have drowned in the attempt.

The immediate political gains for the ASEAN countries of seeing the communist states of Indochina squabbling among themselves are fast being outweighed by the economic and political tensions resulting from a growing influx of refugees. Beyond the refugee issue is the fear that continuing hostilities in Indochina will draw Russia, China and ultimately the U.S. back into the conflicts of the region as they were drawn in the past.

New intake

As a result of the two days of talks in Geneva, the 12 countries that are prepared to offer permanent homes to the refugees will increase their overall annual intake to 82,250 from 78,670. Ten countries have promised more money—a total for 1978 and 1979 which so far appears to be well under $30m. That is probably slightly less than the UN High Commission for Refugees will have spent this year alone.

This response falls well short of the dimensions of the problem, though only one man, Tan Sri Ghazali Shafie, the Malaysian Minister for Home Affairs, was blunt enough to say so publicly. Most other delegations shielded behind promises of free and frank (albeit secret) exchanges of information, better understanding of the problems and so forth. Behind the public rhetoric, there does seem to be an acceptance that more countries will have to open their doors to refugees, and that those which already accept them will have to take in a lot more, if the problem is to be solved.

In recent months, the proportion of ethnic Chinese among the boat people has been rising steadily and is currenly estimated at 80 per cent. No one at the conference openly accused the Vietnamese of persecuting the Chinese and driving them away, though the implication was there. The Vietnamese delegates insisted that these were economic immigrants, people "too accustomed to a life based on unproductive consumption," to put up with the country's present poverty. Heavy financial aid from the international community might help persuade them to stay, they added.

The strong Chinese element presents particular problems for Malaysia, where tensions between economically dominant Chinese and numerically and politically dominant Malays periodically threaten to explode into the sort of rioting that occurred in 1969.

The Malaysians are pressing hard for the creation of an internationally supported "processing centre" on an island somewhere in the region. They suggested that the U.S. might like to reopen Guam or the Australians might like to donate Christmas Island for the purpose. The suggestion did not get an enthusiastic response. Too many legal complications, said the U.S. We do not wish to create a Palestine-type situation, replied Australia.

Since August 1975, 95,000 Vietnamese boat people have landed in countries throughout the region, some struggling as far as Japan or Australia. Of these, 60.000 landed in Malaysia. The U.S. has accepted 20.638 boat people, Australia 9,813. France 2,639. But there are still 40,000 waiting in camps in Malaysia and little to indicate that the present disparity between inflow and outflow will be reduced.

For the Thais, the problem is less sensitive racially but more sensitive numerically. Since 1975, around 200,000 refugees have crossed the border into Thailand, mainly from Laos, together with smaller numbers from Vietnam and Cambodia. Around 140.000 are currently living in Thai refugee camps. Most of the cost of keeping them there is borne by the UN and Thai complaints that the refugees live more comfortably than the local population, strain the country's administrative services, and threaten the country's internal stability are no doubt over-stated.

But the Thais are justifiably concerned about the very slow rate at which the refugees are passing through and, like the Malaysians, are incensed by the selection criteria employed by countries such as France, Canada, the U.S. and Australia. France, for example, gives priority to French speakers and those who once worked for the French government in Vietnam while Australia rejects the unhealthy and gives priority to the skilled and educated. Some of the receiving countries admit that they are applying immigration procedures to refugees but say that since they can take only a limited number, they prefer to take those most likely to adapt easily to their new surroundings. The Thais and Malays say that it means they will be landed with the dregs.

New legislation

Both Bangkok and Kuala Lumpur want firm assurances from Europe, North America and Australasia that they will not be left with this "residue." Otherwise, they add, they cannot continue to accept refugees as they cross the border or as their boats fall apart.

The U.S. recently announced that it would double its intake of refugees for the year to April 1979 to 51,000, and pledged $15m to the UNHCR for the year 1979, subject to Congress approval, as "a response to the present emergency, not a long-term programme." New refugee legislation is being drawn up to provide for long-term planning but U.S. officials at the conference made it clear that they expect "other nations of permanent resettlement," to do the same. The U.S. is also pressing other countries in the South East Asian region to share the burden of first asylum with Thailand and Malaysia. Names were not mentioned but it was quietly pointed out that of the total 95.000 boat people, only 4,500 went to the Philippines, 6,500 to Hong Kong, 3,500 to Indonesia, 2,000 to Singapore, 550 to Macao and 1,600 to Australia.

Australia, generally seen as a big under-populated country, appears to have come under pressure to increase its intake further. It announced plans to raise it by 1,500 to 10,500 in 1979 but many felt this was not enough. The Australians say that they have already accepted 15,000 refugees from Indo-China, at a cost of A$1,800 (£1,060) per refugee, and cannot absorb them much faster.

Australia feels that western European countries, other than France which has already accepted more than 30,000 refugees, should be taking in *far more*. Britain, perhaps, which has so far taken fewer than 700; West Germany, which has taken slightly over 700; Holland, Belgium and the Scandinavian countries, whose intake has been minimal.

Many countries gave the impression that they would be prepared to contribute more financially but would not accept refugees. Japan pleaded pressure of population density. Sweden appeared to have ideological difficulties.

This week's conference, the third in the series organised by the UNHCR, represents the biggest effort so far to come to terms with the Indo-China problem on an international scale. Anyone who hoped to find a global willingness to accept responsibility may well have been disillusioned. No further meetings are planned in the foreseeable future.

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FINANCIAL TIMES SURVEY

Friday December 15 1978

Trading with Yugoslavia

Although Yugoslavia's trade is still heavily oriented towards its Comecon neighbours — particularly the Soviet Union, its largest single export customer — President Tito is urging Yugoslav trade groups to further investigate broader international markets. A major diplomatic effort is now being mounted to achieve greater access to the EEC.

Moves to win new markets

By Anthony Robinson
East Europe Correspondent

YUGOSLAVIA HAS enjoyed one of the fastest rates of industrial growth in Europe over the past two years as the country's self-managing enterprises have pushed ahead with heavy investment programmes and major infrastructure developments involving new mines, power stations and improvements to the communication and transport systems.

Now, however, attention is being increasingly focused on some of the negative features of an 8 per cent growth rate, including the duplication of investments in some sectors, inflation running at between 14 and 15 per cent and a trade deficit which has led to tight controls on imports and a major effort to secure new markets for Yugoslav exports.

President Tito himself put the need for more cautious economic policies in the wider political context in a major speech to the Yugoslav Trade Union Conference last month. He underlined that economic stability was vital to Yugoslavia's continuing unity and independence and the maintenance of its non-aligned status.

Having jealously defended its political independence from the Soviet Union for 30 years, Yugoslavia does not want to see this undermined by a growing reliance on trade with Comecon as the result of inability to compete in Western markets. Last year Comecon accounted for some 40 per cent of Yugoslav exports and 28 per cent of imports, and while Yugoslavia is quite happy to see the volume of trade increase it does not want to see a higher proportion of its trade taking place with Comecon.

In his speech to the trade unions President Tito emphasised the need for higher productivity. He also drew attention to some of the negative consequences which have followed introduction of the 1974 constitution with its devolution of powers to the six Republics and two autonomous provinces of the Yugoslav Federal State.

Devolution and self-management are the hallmarks of the Yugoslav system. But in the economic sphere this has led to strong pressure on enterprises to raise investments with an eye to increasing employment. The unemployment problem has been aggravated by the return of nearly half a million emigrant workers. But the creation of new jobs has kept annual productivity gains to an average of around 3 per cent, while incomes have been rising twice as fast. At the same time local and Republican pride has led to considerable pressure to build prestige projects like refineries and chemical plants, which has led to duplication of capacity and low plant utilisation rates. Many projects have also been undertaken without sufficient financial backing, and this has led to excessive demand for bank credits, which in turn has led to an excessive expansion of the money supply.

At the same time the high rate of investment, much of it made possible by supplier credit from EEC exporters, has kept imports at a high plateau (albeit slightly lower than 1977), while exports have not been sufficiently buoyant to more than dent the structural deficit on the trade account.

The solution proposed by President Tito lies in "greater collective responsibility," and the main place where this is supposed to be inculcated is in the recently created "Communities of interest for external economic relations."

Such "communities" have been formed in each of the six Republics and two autonomous provinces and group together importers, exporters, banks and all other bodies associated in some way with foreign trade.

Scrutiny

What this means for foreign suppliers to the Yugoslav market, particularly EEC suppliers, is that finalisation of contracts now only takes place after careful scrutiny by the "communities," who seek to establish whether the proposed imports cannot be supplied by Yugoslav firms, whether sufficient foreign exchange is available to finance them and whether the import could not be balanced, at least in part, by some kind of buy-back or compensation agreement.

The "communities" are the latest creations in that fundamental reorganisation of Yugoslav institutions set out in the 1974 Constitution, the Associated Labour Act and all the other laws devolving economic and other responsibilities to the Republics and the self-managing enterprises. The overall function of the new "communities" is to instill a greater awareness of the need both for individual enterprises and Republics to balance as far as possible their foreign trade.

In the background meanwhile lie considerable reserve powers through which the federal Government and federal organs like the central bank can step in with overall credit ceilings, direct import curbs and the like.

In spite of President Tito's admonitory speeches, however, the overall external balance does not appear to be too badly out of balance, given the fact that Yugoslavia is a developing country which has budgeted for an external deficit of around $5bn over the life of the current five year plan.

Exports in value terms rose 8 per cent to $4.54bn over the first 10 months of this year, while imports dropped by 2 per cent from the very high levels of 1977 to $8.06bn. The resulting deficit of $3.5bn compares with last year's overall trade deficit of $4.38bn.

If present trends continue the trade deficit for 1978 will be slightly lower at around $4bn, but the National Bank of Yugoslavia expects a bigger improvement in the overall balance of payments deficit to around $1.1bn. This compares with a deficit of $1.8bn last year and the improvement is due mainly to higher tourist receipts of over $1bn and a further improvement in the value of emigrant remittances — the largest single item in the invisibles balance worth $1.35bn last year. The net income from transport and transit services is also expected to increase. Reserves stand at the record level of $3.2bn.

The National Bank responded to signs of overheating in the economy last July when it imposed a 4 per cent limit on new credit creation in the third quarter and a 7 per cent limit in the last quarter.

This was aimed at keeping the money supply increase to under 26 per cent for the year as a whole. The bank is also preparing fairly tight monetary limits for 1979 in an effort to bring inflation down to around 10 per cent, and this is likely to be a powerful factor behind current moves to ensure that the 1979 plan sets lower investment and job creation targets and slows industrial growth to around 6 per cent. At present the strength of domestic demand and relatively high domestic prices are powerful forces tempting potential exporters to divert their attention to satisfying the domestic market.

Balance

To a certain degree import substitution is as important for the overall trade balance as higher exports. Indeed much of the investment in Yugoslav industry has this in mind. But Yugoslavia has not yet reached the level where it can compete on equal terms with the more advanced economies and has to export in order to finance the imports it requires.

As the bulk of its new plant and equipment imports come from the Common Market countries it is not difficult to understand the current Yugoslav demands for greater access to EEC markets.

Last year the deficit on trade with the EEC was $2.8bn and it will only be marginally smaller this year. Trade with the EFTA countries is also in deficit, and the overall deficit with OECD countries is expected to be $3.2bn this year.

The Yugoslav view is that greater access for Yugoslav exports of baby beef and other industrial and agricultural products is the best long-term method of ensuring higher two-way trade with the Community. This is what negotiations for a new five-year "sui generis" agreement with the Community are all about in Yugoslav eyes. Yugoslavia has been forced to restrict imports from the EEC but would prefer instead to raise exports and continue to import the kind of technology, plant and know-how—and the export financing—which is needed from EEC suppliers.

Supplier credits account for no less than $5.9bn of the total foreign indebtedness of $9.5bn (end-1977 official Yugoslav statistics) and the bulk of this comes from the EEC countries. Indeed the availability of suppliers' credit has been singled out as one of the reasons why imported goods are often preferred to similar goods from a Yugoslav supplier demanding cash payment.

This has led to a growing realisation of the importance of export credit and the creation of a new export credit bank, which will come into operation next year. This is expected to lead to a significant improvement in the financial backing available to Yugoslav exporters.

The new bank will be called the Yugoslav Bank for Foreign Economic Relations, and its shareholders will be the National Bank of Yugoslavia and the commercial banks, who will also take over the assets and liabilities of the present fund which looks after export finance. It will borrow funds on both the domestic and international markets.

One effect of better export finance is likely to be greater penetration in Third World markets, where Yugoslavia, thanks to its position as one of the founders and leaders of the non-aligned movement, has achieved notable successes in the construction field and supply of investment goods.

In spite of the political importance of its links with the developing nations, however, the future of Yugoslav trade lies principally in the further expansion of its markets in the OECD countries and Comecon. Price competitivity plays a major role here, and with inflation currently running at almost twice the OECD average, the monetary authorities have allowed the dinar to follow the dollar downward in order to keep Yugoslav prices competitive, especially in the EEC market which is seen as the ultimate test of the economy's viability.

Although Yugoslavia looks to the EEC, the U.S. and also Japan, which recently extended a $400m buyers credit, for the kind of technology it needs to develop its economy, its trade is also heavily orientated towards its Comecon neighbours and particularly the Soviet Union, which is its largest single export customer.

In 1976 Yugoslavia signed long-term trade agreements with Comecon countries which provided for two way trade of nearly $29bn over the current five-year plan period, half of this with the Soviet Union alone. The prospects are that this will be exceeded in practice. This year Yugoslavia started taking delivery of Soviet gas, in addition to the 3.5m tons of oil it imports annually from the Soviet Union. At the same time, however, work is now nearly completed on the Adria pipeline through which Middle East oil will be piped not only to refineries in Yugoslavia but also to Hungary and Czechoslovakia, which helped finance it.

But Yugoslavia remains reluctant to increase its trade with Comecon much beyond present limits in percentage terms.

This is partly because of its perception of the political risks and partly because, having hitched its star to a form of market socialism, it sees the future in terms of competing on equal terms with the advanced economies of the West not only through access to Western technology but also through exposure to Western competition on fast changing Western markets.

Agreement

Apart from certain honourable exceptions, Yugoslav enterprises and trade organisations have not done as much as they could to investigate and exploit Western markets and were castigated for this by President Tito at the party congress last June. But a major diplomatic effort is now being mounted to achieve wider access to the EEC, while Yugoslav enterprises and the various republican governments are also under pressure to raise exports as the precondition for increased trade generally.

Present indications are that Yugoslavia will remain a strong market for investment goods of all kinds but that Yugoslav exporters will increasingly ask for greater access to Western markets in return. Whether they obtain it depends partly on the outcome of the present negotiations on a new 5 year agreement with the EEC and partly on the readiness of importers in West Germany, the UK and other surplus countries to ensure a more balanced trade in future.

TRADING WITH YUGOSLAVIA II

THE EEC

The talks continue

YUGOSLAVIA'S CONTINUING political independence and economic stability is of vital concern not only for Yugoslavia but also for the balance of power in Europe. This in a nutshell is the basic premise which underlies the current round of Yugoslav-EEC negotiations aimed at forging a "sui generis" agreement to replace the original five-year agreement which expired last August and which has been prolonged while negotiations last.

The man leading the Yugoslav delegation in the protracted *negotiations* is Mr. Stojan Andov, a 43-year-old Macedonian economist who took over the job from Mr. Janko Smole, the former Finance Minister, last May when a major reshuffle of Government appointments took place at a federal level.

Before taking on the job of EEC negotiator Mr. Andov was in charge of the federal Government's *relations* with *developing* countries. Yugoslavia itself is a developing country, but it is quite clear that Yugoslavia sees easier access to Community markets for its industrial and agricultural exports plus greater access to Community capital markets and institutions as vital *for its future development.*

The broad outlines of a new negotiating mandate have been hammered out between the Commission and the Council of Foreign Ministers. But final agreement could not be reached on several important points by November 21, the original deadline for completing the negotiating mandate. It is now scheduled to be announced on December 19.

Both sides are agreed that the new agreement will be framed in such a way as to assure greater access on similar terms offered to other Mediterranean countries under the global Mediterranean approach policy of 1972, but without infringing on Yugoslavia's political independence and non-alignment.

A large proportion of Yugo*slav industrial products will in* future be granted free entry, *but much hard bargaining* still has to be done over the ceilings *to be* placed on the fairly lengthy list of "sensitive" items.

These include fertilisers, tyres, travel goods, leather clothing, footwear, glass furniture, steel and copper tubing, copper and aluminium bars and sheets, generators, wires and cables, trailers, seats and cellulose nitrate. As for textiles, new ceilings will be subject to negotiation in some areas, but overall textile imports will remain subject to the terms of the multifibre arrangement.

The UK, Italy and other countries with surplus refining capacity showed considerable reserve over proposals to allow access for Yugoslav refined products which will be available in ever increasing quantities as *several new refinery projects* come on stream.

A ceiling of *450,000 tons* with provision for a 5 per cent annual increase is now envisaged. Meanwhile tariffs are to be gradually dismantled over the five-year period on a wide range of materials—mercury, ferro-alloys, lead, zinc and cadmium.

Agreed

In response to EEC demands for reciprocity Yugoslavia has *agreed in principle to work* towards the elimination of barriers and will not introduce new customs duties, quantitative restrictions or other restrictive measures, although this comes complete with the usual let out clauses.

The EEC agricultural lobby *is notoriously* powerful, and Yugoslavia does not look like getting *more than marginal* concessions on this front. It would dearly like easier access for its baby beef in particular, but the present guaranteed access of 300,000 tons is likely to remain, with small tariff concessions on wine, horsemeat and other products.

On the financial question Yugoslavia is making the most *of its strategic position on the* main rail and road routes to the Middle East and as the vital link whenever the Community is enlarged to include Greece and Turkey.

The new five-year agreement is expected to have a financial protocol attached which will provide for European Investment Bank loans for infrastructure projects like the main trunk motorway. Some 250m *units of account* could be made available in this way, and an effort will also be made to encourage more investment and joint ventures by EEC firms.

Yugoslavia is also seeking equal treatment for Yugoslav emigrant workers, including equal social security treatment. This would be especially expensive for West Germany, where most live and work. A pall was cast over West Germany's willingness to make concessions by the Press campaign mounted in the wake of Yugoslavia's refusal last month to extradite four suspected West German terrorists. There is no evidence that this has led to a hardening of the West German attitude on this or other points.

The current round of negotiations for a new EEC agreement takes place against the background of a decline in trade with the EEC and a rise in trade with Comecon.

It is most unlikely that Yugoslavia will ever manage completely to balance its trade *with the* EEC countries, nor indeed does it have to so long as *millions of tourists* continue to flock to Yugoslav beaches and resorts or send back their savings from jobs within Community countries, mainly West Germany.

But one only has to look at the extent of the imbalance in Yugoslav trade with the Community as a whole and its individual members singly to understand the determination with which Yugoslavia is pressing its claim for greater access to Community markets and capital.

Italy is the only member of *the Community* which comes anywhere near balancing its trade with Yugoslavia.

This is partly a question of sheer physical proximity. The most highly industrialised areas of Yugoslavia, that is to say Slovenia and Croatia, either share a common frontier or face *Italian* ports *on the other side* of the Adriatic. Apart from the *big traffic in timber*, of which Italy is very short, and raw materials there is also a thriving two way trade in industrial components and machinery. The biggest bone of contention is access to the huge Italian market for imported meat, which was cut off unceremoniously three years ago under pressure from German, *Dutch and French farmers who* wanted to offload their own *meat surpluses in Italy.*

West Germany is far and away Yugoslavia's largest source of supply, reflecting the same sort of co-ordinated export effort, export credits and after-sales service which has characterised the West German presence throughout eastern Europe. Over the first eight months Yugoslavia imported West German goods worth $1.09bn, while exports were worth only $295m.

The latest composite figures show that over the first ten months of this year Yugoslav exports to the Community fell by 7.1 per cent to $1.06bn, while imports dropped 2 per cent to $3.06bn. It is against this background of declining volume and rising deficit that the current negotiations for a new agreement with the Community are taking place.

Yugoslavia, with its non-aligned *status* and close links with most developing countries, clearly sees the negotiations as a test case of EEC sensibilities to the problems of developing countries in general. There has certainly been no lack of declarations of goodwill from the Community, and the original *draft negotiating mandate* proposed by the Commission to the Community foreign ministers reflected that. There is also general awareness within the Community of the political importance of ensuring the sort of economic links that would enable Yugoslavia to maintain *its balancing act between* East and West at a time when Comecon trade and credits are increasing.

Deficit

Yugoslavia's difficulties on western markets, including EFTA where Yugoslavia is also running a big deficit of over $450m, are part of the cause of Yugoslavia's increasing economic links with Comecon.

But translating general goodwill into concrete concessions is not proving easy.

There is now no chance of a new agreement by the end of *this year as originally hoped*, and there is the prospect of tough horse-trading on the details.

Whatever the outcome of the negotiations — and Yugoslavia clearly expects that the new agreement will be more favourable than the last — the re-organisation of the foreign trade system has already underlined that companies trading with Yugoslavia must make a greater effort to take Yugoslav imports, as the ability of Yugoslav companies to import is now closely linked to the foreign exchange earnings of the company itself and the balance of payments of the Republic in which it is based.

Anthony Robinson

COMECON

A humdrum affair

THE STAGE was set for a *major and sustained increase in* Yugoslav trade with the Comecon *bloc* countries *back in* 1976, the starting year both for Yugoslavia's own five-year indicative planning period and those of the centrally planned economies. Under agreements reached then, two-way trade with a total volume of $29bn was envisaged, of which half was to be with *the Soviet Union alone.*

All the indications are that *trade will in fact considerably* exceed this already ambitious figure, largely because of the difficulties which Yugoslav enterprises face in expanding their trade with the OECD countries, specially the EEC.

Over the first ten months of this year Yugoslav exports to *Comecon countries rose by over* 11 per cent to $1.9bn while exports to *the EEC dropped by 7* per cent. Imports from Comecon meanwhile rose 8 per cent to $2.44bn, taking the deficit on Comecon trading to $550m.

Co-operation

A major milestone in increased co-operation and integration will be passed in January when the new Adria pipeline running from the Adriatic port of Rijeka with an initial capacity of 20m tonnes annually of crude will come on stream. *This is a Yugoslav venture* partly financed by Hungarian *and Czech credits. Some $400m* has been invested in the project.

The pipeline is in many *ways* a symbol of the changing economic relations in this area. The Soviet Union has told its Comecon partners that they can no longer count on obtaining continuously increasing supplies of Soviet crude and the Adria pipeline will be the main source of future Middle East supplies for landlocked Hungary and Czechoslovakia.

At the same time as Comecon countries are diversifying their own oil requirements, however, the Soviet Union has assured Yugoslavia of new supplies of gas and oil and has contracted to supply annually 3bn cubic metres of *gas* and *3.5m tonnes* of oil, one third of total imports.

The Soviet Union has also been *fairly open-handed in* extending credits to Yugoslavia, particularly to finance mining and raw material development programmes. Last year it agreed to raise its original credit offer of $420m to $750m to cover cost increases in some major projects in which it is involved.

One such project came on stream this autumn in the shape of a major new alumina plant built by the Sarajevo-based Energoinvest group at *Zvornik* in Bosnia which was largely Soviet-financed. The money is to be repaid by shipments of *alumina to the Soviet Union.*

It is major projects like these *which have* helped to make the Soviet Union Yugoslavia's largest single export market, taking nearly a quarter of Yugoslav exports of both goods and services. More than 60 co-operation agreements have been signed with Soviet partners.

They cover a wide field—including the construction of hotels in Moscow for the 1980 *Olympics* and hotel and restaurant complexes in the *Crimea. But the main Yugoslav* exports to the Soviet Union are ferrous and non-ferrous metals, ships and ship equipment, food processing equipment, transformers, automatic telephone exchanges, machine tools, cables, batteries, chemicals and consumer goods of many kinds. The Soviet Union on the other hand exports machine tools, power station equipment, mining and metallurgical equip*ment, oil and gas and raw* materials for the Yugoslav *chemical* industry as *well as* anthracite, cellulose and other *raw materials.*

Although Yugoslavia's first *nuclear power station at Krsko* is being built in co-operation *with America's Westinghouse,* Russia and Yugoslavia also *have a long-term agreement* under which Energoinvest of *Sarajevo will supply steam* boilers for the Soviet nuclear *power programme. In the long* run the Soviet Union would also like to sell its nuclear plants to Yugoslavia.

Given the structural nature of Yugoslavia's overall trade *deficit the existence* of a planned and guaranteed market for its products in the Soviet Union and Comecon markets generally is economically attractive. But Yugoslav trade and political circles are acutely aware that it is to the West rather than Comecon that it must continue to look both for the sort of technology and know-how it requires to modernise and for the maintenance of its non-aligned status.

This inevitably introduces a certain ambivalence into trade relations with the Soviet Union.

Frontier

But Yugoslavia is clearly less inhibited in increasing its trade with the East European mem*bers of Comecon, particularly* Hungary, and Romania, with which it shares a common frontier, as well as with Poland, Czechoslovakia, the GDR and Bulgaria.

Unlike trade with the Soviet Union and the GDR, which takes place on the well-tried, bi-lateral *clearing system, trade with the* other Comecon countries takes place on a hard currency basis with Hungary, as usual, showing the greatest flexibility.

Hungary and Yugoslavia agreed to regulate their trade on the basis of convertible currencies as far back as 1973. *On January 1 this year this* agreement was widened further so that both Hungarian and Yugoslav enterprises involved in all fields from goods to tourist, transit and other services can now freely choose the specific convertible currency in which they want to be paid.

Since first introducing such flexibility in trade payments five years ago two-way trade has tripled and was worth $381m last year. This has proved to Hungary's advantage so far as physical trade is concerned but there is a counterbalance in the substantial deficit on the services account, reflecting the attraction of Yugoslavia as a tourist *mecca for Hungarians.* The Hungarian authorities are now *pressing for new forms of* co-operation with Yugoslav enterprises including Yugoslav assistance in building badly needed hotels and tourist facilities in Hungary, closer co-operation in the machine industry and industrial co-operation in border areas.

By and large, however, Yugoslavia's trade with Comecon is a pretty humdrum affair—the exchange of medium technology plant and equipment for the exploitation of raw *materials and energy projects* and general engineering equip*ment. Both sides tend to com*plain of late deliveries, quality control problems and excessive rigidity.

The export director of a major high-technology export company in Slovenia summed it up when he said the problem his company faced was that the most advanced Yugoslav companies just could not find enough goods to buy back from Comecon within the narrow con*fines that they were allowed by* the various industrial Ministries.

A.R.

TRADING WITH YUGOSLAVIA III

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JOINT VENTURES

New laws on foreign investment

THE ENVIRONMENT in which foreign firms deal with their Yugoslav partners has changed considerably in 1978. New legislation has been passed covering joint ventures, industrial co-operation, transfer of technology, foreign representative offices, and the responsibility of constituent Republics and Provinces for their balance of payments.

Up to now there has been a general feeling that most industrial co-operation and licensing agreements joint venture contracts and the like have put Yugoslav firms in a subordinate role. Because of market restrictions and the supply of outdated technology.

The new law on long-term co-operation and the acquisition of technology provides for the import of components, parts and products on a long-term minimum five year basis.

In the case of technology transfers the supplier must guarantee to transfer complete technology, to place at the disposal of the Yugoslav buyer all improvements and guarantee that the results specified under the agreement are achieved within the planned time limit.

No agreement will be approved by the relevant Federal Committee, whether on industrial co-operation or transfer, if it restricts the enterprise in applying the transferred technology or in developing it, or in acquiring similar technology from other persons, or in exporting to countries other than those where the supplier himself manufactures the respective goods or has awarded exclusive manufacturing rights. A total of ten reasons is given for not approving an agreement.

The "Law on investment of resources of foreign persons in domestic organisations of associated labour" covers joint ventures. Its main provisions are that a Yugoslav firm must, except when there is a special interest established by the Federal Assembly, invest more than the foreign. New fields are open for foreign investment. The only exclusions are insurance, trade and public services except scientific research. Banking investments are regulated by another federal law. Yugoslavs must be a majority on the joint business boards responsible for the carrying out of agreements, but the foreign representatives have the right to submit proposals and opinions to the self-management and other organs of the enterprise, which are under obligation to consider them and inform the joint business board of their position.

The foreign investor has the right to participate in the income of the joint venture and to get compensation for the use of his resources. That right expires when the value of investment is repaid, or when the joint venture agreement expires. One of the main new features is that a joint venture agreement cannot be made for an indefinite period.

Since 1967, when Yugoslavia introduced legislation permitting joint ventures between Yugoslav and foreign enterprises, 164 of this kind have been signed. The pioneer in this respect was Fiat, which in 1968 formed a joint venture with Crvena Zastava, the former armaments company, with which it had had a technical co-operation, licensing and manufacturing agreement since 1954.

Last month Fiat chairman, Sig. Giovanni Agnelli was received by President Tito and was awarded one of Yugoslavia's highest honours—the Order of the Yugoslav Flag on sash. This decoration was bestowed not only as recognition of the role played by Fiat in helping to develop the Yugoslav motor industry but also to demonstrate the importance which Yugoslavia attaches to joint ventures and other forms of co-operation.

In Fiat's case Sig. Agnelli signed in Belgrade a new long-term agreement under which Crvena Zastava will build versions of the Fiat 131 Mirafiori and 127 model in addition to its current range of Fiat 128s, 132s and older 750 models which are to be phased out.

The deal calls for the exchange of cars and components worth $1.2bn between 1980 and 1986, with production at the Zastava plant at Kragujevac scheduled to rise to 320,000 cars and 20,000 light commercial vehicles by 1982 compared with 200,000 cars and 11,000 commercial vehicles now.

The Fiat link is by far the most important single manufacturing venture, but in value terms the most important is the $750m joint venture in petrochemicals and derivatives between Dow Chemical of America and INA on the island of Krk.

A total of some Dn 26bn, close to $1.5bn, was invested in joint ventures up to the end of 1977, but foreign partners clearly have been reluctant to invest up to the permitted maximum of 49 per cent, as the investment by foreign partners is only a quarter of the total.

Interesting

All but two joint ventures have been with companies from developed Western countries, mostly the U.S., West Germany and Italy, and only two with companies from Socialist countries—East Germany and Czechoslovakia. The most interesting sectors have been metal manufacturing, chemicals and raw materials exploitation.

Several hundred industrial and technical co-operation agreements have also been concluded.

Under new legislation foreign firms and banks can now open offices in Yugoslavia. A few companies have already done so, like the U.S. General Electric, and Macy's which has set up a purchasing office. Foreign air companies have had their offices here for a long time. Among banks interested in opening offices are the French Société Général and the Italian Banco Milano.

The responsibility of republics for maintaining a given balance of payments position has led to inconvenience for foreign businessmen, especially those who, on the basis of counter-purchases, have to buy Yugoslav products. They have not only to find what to buy but also to try to buy it in the same republic where they sold their exports. McDonnell Douglas, which sold two DC-10 jets worth $82m to Yugoslav Airlines located in Belgrade, has to buy goods worth 50 per cent of that in Serbia. Westinghouse which is building the first nuclear power plant jointly financed by the republics of Croatia and Slovenia, has to buy in those republics.

Foreign businessmen and embassies in Belgrade complain bitterly about such practices and point out that this harms Yugoslav exports fragmenting the already small market for foreign buyers. They also complain about the general lack of information about Yugoslav legislation and regulations.

Aleksander Lebl
Belgrade Correspondent

DEVELOPING COUNTRIES

Closer links sought

LONG BEFORE the oil crisis Yugoslavia, with its active participation in the non-aligned movement, began increasing its trade with the developing countries.

The current five year plan, 1976/80, aims to raise the proportion of trade with the developing countries to a quarter of the total by the start of the 1980s. Results so far fall far short of target, however.

In the first 10 months of this year exports to the developing countries totalled $860m, or 19.9 per cent of overall Yugoslav exports, while imports at $1.11bn were 13.8 per cent of total imports. This includes oil of which Yugoslavia imported 4.6m tons from Iraq, 500,000 tons from Libya and 345,000 tons from Iran last year. The Soviet Union supplied the 4.2m tons which made up the total oil imports of 9.65m tons last year.

One of the main trading problems is that although Yugoslavia has close political links and a favourable overall image in many developing countries its knowledge of economic and market conditions in these countries often leaves much to be desired.

Consequently, much of such trade is still transacted through the trading companies and markets in London and other entrepots. This is one reason why UK and Yugoslav trade figures never match, the UK figures do not take such transactions into account.

Yugoslavia has preferential trade arrangements with some other developing countries within GATT, for example, a tri-partite preferential agreement with India and Egypt, and has granted duty free entry for some goods from developing countries, mainly food and spices. It does not expect reciprocity from the least developed countries, but hopes for a multilateral scheme of preferences among the developing countries where it would be included.

Because of the sharp competition on the markets of the developing countries, it has been difficult for Yugoslavia to match the terms both industrialised Western and Comecon countries can offer especially as far as expert credits are concerned. The Export Credit and Insurance Fund has been trying to cope with that. It is expected that the Bank for Foreign Economic Relations which will start operating in 1979 will be in a better position to finance exports of Yugoslav equipment and ships and to finance construction work in the developing and other countries.

In this competitive world Yugoslav firms have to behave more or less as all others. But they have been often reminded by President Tito not to go after a quick profit but to employ long-term perspective and even to sacrifice something in order to secure their position in the developing world.

Success

Some of them have undertaken not only to sell in developing countries but also to go there for industrial co-operation and joint ventures and there have already been good results. The Slovenian firm Slovenijales has a mixed enterprise in Bangui, capital of the Central African Empire, for exploitation of forests and wood processing. The Belgrade Machine and Tractor Industry IMT has co-operation agreements with several developing countries. Several pharmaceutical firms have established industrial co-operation agreements.

The Belgrade Agricultural-Industrial Combine (PKB) has been developing various forms of co-operation in establishing farms, and it provides blueprints, sends experts, trains local staff and helps in managing them.

Yugoslav enterprises can offer designs, equipment, skilled manpower and experts and now also a part of the necessary finance. They favour profit and risk sharing. Recently, a group of representatives of Canadian consulting firms who toured several East European countries in search of potential partners found Yugoslav firms the only ones inclined to do business on that basis.

Special interest by many foreign firms has been sparked by the quick improvement in Yugoslav-Chinese relations and in the prospects of expanding trade, industrial co-operation and other forms of economic collaboration between the two countries. Many Western firms would like to enlist the support of Yugoslav firms in penetrating the Chinese market.

Aleksander Lebl

PLANNING

Ordering the priorities

ALTHOUGH THE Yugoslav planning structure is of the indicative kind and is not accompanied by the rigid directives of the Soviet system the pattern of planning by consensus appears to keep economic performance remarkably close to the five-year plan in practice.

This has important implications for the pattern of Yugoslav foreign trade because the sectors and industries chosen for priority status in the plan are precisely those which have the first claim on resources, including foreign exchange to buy essential imports.

Thus the decision to concentrate heavily on expanding coal production and opening up or expanding copper, nickel, lead, zinc and alumina mines has created a massive demand for imports of heavy mining and excavating equipment. Some 60 per cent of requirements in this field have had to be met from imports.

Modernisation of manufacturing industry has also led to large-scale imports of machine tools, but this is a field where imports have served largely to build up Yugoslavia's own engineering base so that future needs will be limited to the import of only the high technology and special machines. By 1980 Yugoslavia should be capable of supplying at least 60 per cent of its own machine tools and have considerable export capacity as well.

A similar effort is taking place in the non-ferrous metals field where expansion of mines and quarries is being matched by massive investment in down stream processing equipment in order to ensure that Yugoslav enterprises extract the maximum value out of mineral resources. This is specially the case in the aluminium industry. Yugoslavia has some of the largest reserves of bauxite in Europe and while exports of alumina to the Soviet Union and other markets will continue the major effort is now going into transforming aluminium ingots into aluminium extrusions, foil, building materials, domestic appliances and other uses. If the predicted world shortage of aluminium does develop, Yugoslavia should be well placed to benefit from higher world prices, and the same applies to other non-ferrous minerals also.

Raw materials, timber and semi-finished products still account for one third of Yugoslav exports and were worth $1.6bn last year.

Mining and smelting are both heavy energy consumers, however, and this plus the major expansion of the petro-chemical and oil refining industry has been a major factor behind the race to boost electricity output from coal, hydro, nuclear and oil based power plants.

Plants

Serbia in particular is now dotted with brand new power plants built to use locally mined lignite and brown coal from new mines in the area.

Development of the electricity generating base and grid system has been a major factor behind the rapid expansion of some of Yugoslavia's major electrical engineering firms like Rade Koncar, Energoinvest and Litostroj, which in turn have built up significant export markets, particularly in the developing countries. Electrification has also proceeded alongside higher living standards providing a strong domestic base for the export performance of some of Yugoslavia's leading electrical appliance manufacturers like the Gorenje group of Velenje, north of Ljubljana. The company has branched out from its original household appliance base to cover a vast range of complete kitchens, garden equipment, and homes.

It recently created a stir when it took over the West German firm Korting, with whom it had a licensing agreement. Other major exporting companies like the Iskra electronics company have also used a rapidly expanding domestic market as the basis of a major research and development programme. This is now allowing an increasing number of Yugoslav firms to export their own technology. All the Yugoslav companies in this kind of high technology industry have close technical and marketing relations with U.S. and EEC companies. The latest example is an $18m agreement between Honeywell and electronic industries (E.I.) of NIS, for the development of computers.

But development of Yugoslavia's engineering and production capacity has been devoted as much to import substitution as export growth. This is seen most clearly in the motor industry where Yugoslav companies have technical and licensing agreements with Fiat, Volkswagen, Renault, Citroen, Mercedes Benz and Magirus Deutz and Yugoslav roads are full of home-assembled cars. They provide employment and save foreign exchange but costs are high in spite of the relatively low level of Yugoslav wages and salaries.

One of the most aggressive exporters is the IMV company in Slovenia which used to assemble Austin-Morris before switching to Renault and which also built up an efficient trailer division only to find that as soon as it started to make inroads in EEC markets that tariff barriers were put up.

Overall, however, thanks to a big contribution from the shipbuilding industry which exports around $350m annually, transport equipment is a net foreign currency earner accounting for 8 per cent of exports and 3 per cent of imports.

What is causing concern in Government and planning circles, however, is the rapid rise in oil imports and growing signs of over-capacity in the refinery industry where several major expansion projects are under way in the various republics.

Last year Yugoslavia spent over $1bn on the import of 10m tons of oil and the trend is still rising. The Government has just announced a sharp rise in the price of petrol and other oil products and a major effort is also under way to persuade companies and republics to cut back on their over ambitious plans for new refineries.

One major project which is well advanced, however, is the joint INA-Dow chemical refinery and chemical complex on the island of Krk for which another major foreign financing operation is currently under way. Expansion of petrochemicals, fertilisers and fibres should make Yugoslavia one of the largest chemical producers in Southern Europe by the end of the decade.

A.R.

TEXTILES

Uphill struggle

WHILE BROWSING through a department store in Alma Ata the capital of Soviet Khazakstan earlier this year a row of suits and overcoats immediately struck me as being of much higher quality and superior cut to the others. On inspection they turned out to be ready-made suits and garments from Yugoslavia.

Last month I went up to Varazdin, a beautiful baroque town north of Zagreb which was once the capital of Croatia, to visit the Varteks textile complex which not only supplies suits to the Soviet Union, but also sells around 130,000 garments annually to the UK market worth over $5m.

Varteks was founded by a Czech businessman in 1918, one of many such industries which sprung up to supply local needs in the now fragmented separate nations which emerged from the dissolution of the Hapsburg Empire.

By careful attention to quality and design and the establishment of a marketing organisation abroad Varteks, which is now an integrated complex from woollen yarn to ready wear employing 9,300 people, has built up an export trade worth around $18m annually. The UK is the largest single market followed by the Soviet Union but Varteks also exports to the U.S., Scandinavia, West Germany, France and Holland.

But as a textile company it faces an uphill struggle against low cost competitors in Eastern Europe and the Far East and above all against the quota and other restrictions imposed by the EEC and other major markets. Under these circumstances it has taken the decision to stop further expansion in textiles, although it is currently building a 15,000-ton polyester plant to supply its own synthetic fibres, and is diversifying instead into metals, construction materials and disc brakes, in co-operation with the U.S. corporation Bendix and a French company.

But the bulk of its business remains the 5m sq metres of cloth and 1.7m suits it manufactures annually for sale through its Yugoslav retail outlets and those foreign markets which presently take 41 per cent of its ready-made production.

As such it is typical of those Yugoslav companies who are pinning their hopes on more liberalised access to the EEC in particular.

Varteks itself has little cause for complaint in the UK where it has been established for over 12 years. But its own sales of around 130,000 garments annually means that there is precious little room for other Yugoslav exporters as the total UK quota is for 159,000 items annually from Yugoslavia.

Where the quota system hurts, according to Varteks, is that it is very difficult for firms to supply even the limited totals allowed under quota rules. The EEC sets national quotas for member countries. But importers in these countries then divide this among their various suppliers.

The net result in terms of complications and delays is that frequently the contracts which are finaly agreed to do not add up to the totals theoretically allowed under the quota arrangements which thus effectively become even tougher than first meets the eye.

This is the kind of complaint which is being aired in the current round of negotiations with the EEC during which it is also being emphasised that Yugoslavia still imports more textiles from the EEC than it exports.

A.R.

TRADING WITH YUGOSLAVIA V

THE UK

Imbalance still causing concern

"TRADING WITH Yugoslavia is in a class of its own, and whatever knowledge one has acquired in dealing with Comecon countries is completely irrelevant in Yugoslavia, where the game is played to entirely different rules." This was one of the bits of advice that experienced exporters to Eastern Europe gave to aspirants at a recent seminar on trading with Eastern Europe organised by the Birmingham Chamber of Commerce and Industry.

High on the positive side of the comparison is the fact that no visas are required, so that foreign businessmen are free to enter Yugoslavia at will, and Yugoslavs likewise are free to visit the offices and plant of foreign partners or competitors. Indeed the Yugoslav passport is in many ways one of the most valuable documents of its kind. It gives easier access to both East and West than any other passport.

This is important because it facilitates the other main advantage of trading with Yugoslavia—access to the end-user.

Although the trend in Eastern Europe, and particularly Hungary, is towards greater autonomy for enterprises to engage in foreign trade, the overall pattern still closely follows the Soviet model of state trading monopolies which act as a filter between the businessmen and the company which wants his product.

This is not the case in Yugoslavia, where the self-managing enterprises are responsible for their own foreign trade and make their own decisions about what to buy and from whom.

As regards UK-Yugoslav trade specifically, the overall political framework within which this takes place could hardly be better. President Tito came to London briefly and was the guest of the Queen earlier this year, while Prince Charles has just come back from a tour of Yugoslavia. Mrs. Thatcher also put in a good word for the Yugoslav system when she visited earlier this year.

In spite of these good intentions, however, Anglo-Yugoslav trade has not shown as much dynamism as hoped, while no progress at all has been made in narrowing the wide Yugoslav deficit. Furthermore, the latest UK trade figures show that both exports and imports are lower this year. Over the first 10 months UK exports came to £131m, against £140m in the same period last year, while imports from Yugoslavia were down to £32.3m from £34m.

The official UK and Yugoslav trade figures never match up because of the Yugoslav practice of including purchases made on London commodity and other markets in their trade statistics. But whichever way one calculates the figures they show a heavy and seemingly permanent Yugoslav deficit on the trade account, although this is mitigated in overall balance of payments terms by the tourist trade. This year the number of British tourists in Yugoslavia was up over 40 per cent.

Reduction

But the Yugoslav authorities have made quite clear that the pre-condition for higher two-way trade is a reduction in the trade deficit which on Yugoslav calculations widened over the first eight months of this year so that Yugoslav exports now cover only 14 per cent of their imports from the UK as against 19.6 per cent in the same period a year ago.

The main problem on the Yugoslav side is that having had their agricultural exports truncated by Britain's membership of the EEC their effort to increase manufactured exports have not had the desired effect. This is partly because of quotas on sensitive items like textiles and partly because of the seeming inability of Yugoslav exporters to find a foothold in the already competitive market for the kind of goods they have available.

Yugoslav enterprises, unlike their counterparts in the centrally planned economies, are responsible for their own foreign trade and many of the major export orientated companies have subsidiaries or representative offices in the UK. The Ljubljana-based electronics company Iskra, for example, has a wholly owned UK subsidiary and has built up a close connection with major British groups like Thorn and Hoover. The major banks are also represented in London as are the shipping lines and general trading companies like Generalexport. Varteks, which is the major exporter of Yugoslav ready made clothing has its own UK subsidiary. This is part of the Multihold group which represents several Yugoslav firms.

In spite of this activity, however, Yugoslav exports are still stuck at a disappointingly low level and Yugoslav exporters are now being urged to engage in more aggressive market research and promotional activity.

On the UK side the commercial section of the British Embassy is doing what appears to be a thorough job of evaluating export opportunities and British companies appear to be slowly overcoming their initial coolness towards joint ventures and co-operation agreements which ensure them a footing even when, as now, import restrictions are biting quite severely.

Exports of military equipment also play a significant role in the overall UK export picture and there appear to be several promising opportunities in the military and civil aviation field. Rolls-Royce Spey engines, for example, have been chosen to power a jet fighter that is being developed jointly by Romania and Yugoslavia, and interest has also been expressed in the BAC Andover and BAC 1-11 as well as the HS 748 for both military and civil use.

Major companies, like ICI, Davy Power Gas, Lucas, and Dunlop have all seized opportunities created by the rapid industrialisation of the past 15 years, but some of the recent success stories have been more esoteric.

Boots, for example, have entered into a joint venture with Galenika to produce anti-rheumatic drugs, while United Biscuits has discovered that Yugoslavs go wild for Jaffa cakes. UB signed a licensing agreement with a Yugoslav company and now output is being doubled. Agricultural technology is another field where UK companies are reporting considerable Yugoslav interest. Cherry Valley, for example, is involved in a table duck project with IPK Srbijanka which will eventually turn out a million ducks annually for home consumption and export.

A.R.

CONSTRUCTION

Successes abroad

LAST YEAR the Belgrade-based civil engineering company Energoprojekt put in an application for the Queen's Award for Exports on the grounds that its UK office had promoted the export of British equipment to its construction sites around the world.

There was more than a little tongue-in-cheek involved. Energoprojekt is the most successful of a small but select group of Yugoslav construction companies which do around $800m of business around the world and have proved themselves strong competitors to established UK and other international construction companies in many markets.

The performance of the Yugoslav construction industry abroad is partly linked to Yugoslavia's position as a leader of the non-aligned movement. The conference centre in Lusaka for the 1971 non-aligned conference and the conference hall built in Libreville, Gabon, for the 1976 Conference of the Organisation of African Unity were, for example, both built by Energoprojekt. The company is quick to insist, however, that in both cases what clinched the deal was the promise of quick completion and competitive prices—not political favouritism.

Irrigation

Over 80 per cent of Energoprojekt's annual turnover of $300-$400m comes from building dams, hydro-electric stations, irrigation works, public buildings, housing projects and other infrastructure overseas. Its largest contract so far has been a $242m turnkey irrigation project in Peru, but Africa and the Middle East are the main markets.

With competition sharpening and the volume of new contracts dwindling after the initial post-1973 splurge of orders from the oil-rich countries, Energoprojekt claims that the Yugoslav system of self-management and the general willingness to link its projects with the training of local manpower gives it a competitive edge.

As well as Energoprojekt, the leading Yugoslav civil construction company, there is the Sarajevo-based Energo-Invest group, a major builder of industrial plant and machinery both at home and abroad. In turnover terms Energoinvest became "a billion dollar company" last year when exports accounted for 30 per cent of turnover.

China

For the past seven years Energo-Invest has had a representative office in China. Negotiations are now underway for the first major contracts.

Having built power stations, refineries, chemical plants, pipelines, steel and cement works, food processing equipment, railway wagons and equipment, non-ferrous smelters and other key industrial plant throughout Yugoslavia and 35 foreign countries it is an obvious partner for China and other developing countries.

Other prominent construction companies include Ingra and PIM, which specialises in ports and ports facilities, Unionengineering and Jingrap. The latter are building, inter alia, hotels in Moscow and tourist and other infrastructure in several Comecon countries. They testify to the sort of export opportunities grasped by those Yugoslav companies which gained their expertise through the development of Yugoslavia's own economic infrastructure and the tourist construction boom.

A.R.

LOMBARD

Crisis cartels to the test

BY COLIN JONES

AN INTERESTING test of the rival claims of industrial and competition policy now faces Mr. Roy Hattersley, the Prices Secretary. The reinforcing steel bars trade have devised a "crisis cartel" which they want him to exempt from the restrictive trade practices legislation.

The case is an unusual one for two reasons. First, the agreement is a direct follow-up to the Davignon plan for the EEC steel industry. Firms processing bars and coil for use in reinforced concrete have to pay fixed EEC prices for supplies from British Steel and other EEC steel makers; but, because their trade is not covered by the Treaty of Paris (the ECSC treaty), the EEC cannot protect them against low-cost import competition from non-EEC sources. As a result, and because of the continuing low level of construction activity, sales have dropped precipitously, price competition has been rife, and most firms have been incurring heavy losses.

The trade have accordingly drafted a minimum price and market sharing agreement which would also bar them from using imports from non-EEC (and associated) countries and which would last as long as the Davignon measures.

More serious

The other unusual feature is that they have asked for exemption from proceedings under UK cartel laws under a provision introduced (by a previous Labour Government) in 1968 which has been invoked only once before—and for quite different purposes. This is mainly because the terms were thought to be so tightly drawn as to preclude most types of inter-firm co-operation. Certainly, no one had thought until now that it might be used to sanction a recession cartel.

The outcome is being awaited with considerable interest, not only because it could open up a route for other industries in difficulty but also because competition policy is being strongly challenged by the advocates of the Government's industrial strategy and an inter-departmental committee is currently reviewing the rival arguments.

A similar challenge was mounted in the mid-1960s, mainly as a result of the activities of such bodies as the IRC, NEDC, and the Prices and Incomes Board. Then the only lasting effect was two minor changes in the law (including the one already mentioned).

This time, because of the change in the economic climate, the challenge is more serious. Post-war UK competition policy was laid down at a time of optimism and economic growth. Competitive discipline seemed the best way to promote efficiency, resource allocation, and growth. Now, after a further decade of UK manufacturers' exposure to international competition and at a time of severe structural unemployment, surplus capacity, and a prospect of a weaker growth in demand, the benefits of co-operative action are in even stronger favour.

What makes the claims of industrial policy so insidious is that competition policy has never sought to promote competition for its own sake but only as a way of pursuing other objectives—whether economic (growth, efficiency) or non-economic (choice, the dispersion of economic power, and thus the promotion of a free society). There are other policy instruments available and competition has always been balanced against them.

What the industrial strategists are in effect saying is that the existing balance is no longer appropriate. In particular, the gateways preclude many beneficial kinds of co-operation which would promote exports or save imports or which would make it easier to tackle the problems of industries in decline or facing a severe recession. Furthermore, even if the laws were amended, taking a case to court is too time-consuming, costly, and uncertain in outcome.

The danger in these persuasive arguments lies partly in taking too short-run a view of the supposed benefits of co-operative action while discounting the longer-term benefits of competitive discipline; and partly in creating a two-tier system of administrative (i.e. ministerial) exemption from the jurisdiction of the Courts (as in the reinforcing bars case).

There is certainly a case for reviewing the restrictive trade practices laws in the light of 20 years of experience. But we should be wary of injecting into this branch of competition policy the unpredictability and arbitrariness which arouses so much criticism of monopoly and mergers policy—and which largely springs from what could be called an excess of pragmatism.

A city still under siege

AROUND BRITAIN

BELFAST

BY STEWART DALBY

PROVIDING YOU do not have really bad luck and catch a train with a bomb on it, it is still possible to take the express from Dublin to Belfast and imagine you are entering any other industrial town in the U.K.

The rickety express which makes the 100-mile journey is very like the dusty old train which ploughs between Sunderland and Middlesbrough. A waiter in an off-white jacket comes around with a huge pot of tea in one hand a row of paper cups crooked in the elbow of his other arm. At Belfast Central Station, the cafeteria and bookshop are adorned with Christmas decorations, piped carols drown the chatter of the crowds.

The feeling of being in a typical product of the 19th century industrial revolution is still very strong. While Dublin remained the capital of an agricultural country and languished in its Georgian splendour, Belfast became the centre of what industry there was on the island. Shipbuilding and textiles flourished. Even today Belfast seems dominated by the docks and huge cranes of the Harland and Wolff shipyards. The centre of town has more than its share of the Victorian gothic buildings, with the City Hall, the Linen Hall Library and the Post Office.

But it does not take long for anyone to notice that Belfast is not at all like any other British town. At the station, long tables, as in customs sheds, bar the entrance. Suitcases are searched and people frisked. The main hotel, the Europa, has a huge fence around it topped by barbed wire as if it were a prison camp. The only way in is through a small, wooden shed where more frisking takes place. Around the central shopping area are a number of huge steel barriers, cutting it off like some iron corset and where still more frisking and bag searches take place.

Heavily-armed soldiers in full battle rig patrol the streets. At times of bomb scares the soldiers screech around in jeeps and form instant road blocks and generally have a very dramatic way of carrying on.

Whole areas of the city, moreover, are subject to severe urban blight. Where Catholics have moved out of predominantly Protestant areas, or vice versa, houses have been left empty and derelict. Their windows and doors are usually bricked up so that the impression is given of their being like dead bodies whose eyes have been closed. You can come across a complete combination of streets which have descended into being such a wasteland. The empty buildings are decorated, if that is the word, with an orgy of graffitti: "Up the Provos; Brits Out; UVS Rules, O.K.; Paisley and God," and so on.

One of the problems of Belfast is that 10 years of war, apart from physically smashing the place, have meant direct rule from Westminster partly through the army and police.

The population, which must now be at least 500,000, has no representative government between the levels of district council and of Secretary of State. The highest ranking local official is the mayor. He is head of the district council, one of 26 throughout the Province.

A district Council collects the refuse, runs the parks and abattoirs, and the gas supplies. Housing, education, the police, prisons are run by the Northern Ireland office. There are those like Mr. Airey Neave, for example, the Opposition spokesman on Northern Ireland, who maintain that because of the legislative pressure at Westminster, Northern Ireland is undergoverned at a local level.

It is difficult to prove or disprove this but some housing statistics tell a fairly damning tale. A quarter of the 123,000 council houses are deemed unfit to live in even though most of them are occupied. And only 4,000 public authority houses have been built since 1972.

Another 2,000 are to be built at Poleglass, an overspill estate near West Belfast. There are so many demonstrations, by Protestants against it and Catholics for it, however, that it will be another year at least before the first 800 are actually built.

Housing is one problem, unemployment is another. Although for the Belfast area as a whole, unemployment is put at 8.6 per cent against a province wide figure of 1.5 per cent, this masks sharp variations. In some Catholic areas of West Belfast the levels touch 30 per cent.

Northern Ireland industries are declining ones. The old palliative of attracting foreign investment is only now beginning to work again. For the past 10 years few foreign industrialists have come and unemployment rose. For many in West Belfast, particularly the men, life is a question of collecting social security money and spending it in the pub. The situation is particularly bad for young school leavers, many of whom have never had any kind of work and so become ripe as IRA recruits.

There is, in a general sense, very little for anyone to do in Belfast after about five in the evening. The city centre just dies. There are only three cinemas; others are boarded or bricked up. There are three theatres but they are not always in business. The two main hotels, the Europa and the Wellington Park, with two exceptions offer the only decent meals in the city centre.

If the situation in Belfast sounds grim it should be said that it is better than it was. During the worst of the troubles, the Europa was closed down, the city was like a real live game of snakes and ladders, with road blocks, no-go areas and barriers.

Many of the barriers have come down, pop stars and actors are more willing visitors, the number of troops on the streets has decreased quite substantially as the Royal Ulster Constabulary has taken over many of the roles of the army. This policy, which is known as Ulsterisation, has been going on for the past year.

The current "winter offensive" by the Provisional IRA of bombings of shops and factories, probably means the programme will not be taken to its conclusion of having troops back in their barracks in the forseeable future. In the past six weeks nearly 130 bombs have been placed throughout the Province. At the very least this means that the people of Belfast are in for a miserable Christmas.

Sales in the shops are already down; the manager of one large store estimates they are only half last year's. The IRA has made it clear there will be no Christmas truce. In the past, it has bombed large department stores as well as shops. One clothes shop owner said that business was bad. His shop faces a main road. "You can see the reactions, particularly among older people. They come driving into town and then they see an army road block being formed and turn right around again. The bombs put everyone off, naturally."

Marcus Lady difficult to beat

RACING

BY DOMINIC WIGAN

IT IS unusual to find three horses trying for repeat successes of a year ago on the same afternoon, but that is the case today.

At Devon and Exeter, Go Brookshire will be trying to take the Lower Ashton Selling Hurdle again and Magic Note will be doing likewise in the December Hurdle. At Sedgefield, Marcus Lady attempts to lift the Shadforth Chase for the second year running.

The grey Magic Note, who won at 25—1 12 months ago after more than 20 consecutive unplaced efforts, hardly looks a betting proposition. Not only has he risen 13 lb in the weights, but he also lacks the benefit of a previous outing. However, there are strong indications that Go Brookshire and Marcus Lady will take a lot of beating.

Go Brookshire, the five-year-old trained by David Barons, was bought in for 500 gns after taking last year's "seller" under only a pound less than he carries today. He has appeared twice this season.

He came a fair eighth of 15 after running prominently for a long way at Stratford towards the end of October, then ran a more encouraging race at Newton Abbot, finishing second to First Express in the Mousehole Selling Handicap.

I take him to regain winning form with a victory over the fourth in that race, Le Dauphin, with whom he is now virtually handicapped to run a dead heat.

Marcus Lady, the easy winner of her race under 10st 2 lb, is another to have risen by little in the handicap and she again carries bottom weight, this time with just 2 lb more. A tough mare who won on her seasonal debut last season at Hexham, Marcus Lady strikes me as a good bet to repeat the performance in the Shadforth Chase.

The North has few more improved two-mile chasers than Blabbermouth and there seems little reason why Tony Gillam's nine-year-old should not be good enough to defy 12st in the Brandon Handicap.

Although not particularly impressive in his most recent race, the Oxton Chase at Southwell, Blabbermouth, ridden, as is Marcus Lady, by Ridley Lamb, seems to be the one they will all have to beat.

SEDGEFIELD

12.45—Harry's Fizzale
1.15—Handycuff
1.45—Blabbermouth**
2.15—Marcus Lady***
2.45—Golden Omen
3.15—Tom Noel

DEVON AND EXETER

1.00—Mister Know All
1.30—Go Brookshire*
2.30—Young Steve
3.00—Heelare

TV Radio

† Indicates programme in black and white

BBC 1

12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 3.00 Glas Y Dorlan. 3.30 The Sky at Night. 3.53 *Regional News for England* (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman. 4.55 Crackerjack.
5.40 News.
5.55 Nationwide (London and South-East).
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 Star Trek.
8.00 Citizen Smith.
8.30 The Liver Birds.
9.00 News.
9.25 Dick Emery Christmas Show.
10.15 International Show Jumping.
11.00 Tonight—In Town.
11.30 Regional News/Weather.
11.35 Film: Ask Any Girl, starring Shirley MacLaine, David Niven.

All Regions as BBC1 except at the following times:—

Wales—1.45-2.00 pm Melin Wynt. 5.55-6.20 Wales Today. 7.00 *Heddiw*. 7.30 *It's Welsh Rock*. 7.50-8.00 Tom and Jerry. 11.00 Kane on Friday. 11.30 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.00 Spectrum: Cantilena. 11.30 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.00 John Betjemin's Dublin. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 11.00-11.30 East (Norwich) Variations; Midlands (Birmingham) Tom's Towns; North (Leeds) The Unreal World of Patrick Woodroffe; North-East (Newcastle) Friday North; North-West (Manchester) Home Ground; South (Southampton) In The Tomb of Tutankhamen; South-West (Plymouth) Peninsula; West (Bristol) The Persephone Myth.

BBC 2

11.00 am Play School.
5.35 pm News Headlines.
†5.40 Laurel and Hardy.
6.00 The Voyage of Charles Darwin.
7.00 Cricket: Second Test highlights.
7.30 News.
7.35 Delia Smith's Cookery Course.
8.00 Country Game.
8.30 Westminster.
9.00 Butterflies.
9.03 Pennies From Heaven.
10.50 News.
11.05 Pennies From Heaven (last part).

LONDON

9.30 am A Big Country. 9.55 Salt and Pepper. 11.35 Survival. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 Three Little Words. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 *Money-Go-Round*. 2.25 Friday Matinee: Ginger in the Morning. 4.15 The Doombolt Chase. 4.45 Magpie. 5.15 *Thames Sport*.
5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Survival.
8.00 General Hospital.
9.00 Vegas.
10.00 News.
10.30 Police 5
10.40 Soap.
11.10 The London Programme—The role of housing associations.
12.10 am George Hamilton IV.
12.40 Close—A painting by Monet with music by Debussy.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Ukaliq. 9.55 Portrait of a Village. 10.20 Just Friends. 11.15 Counterpoint. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.25 Film Matinee: "A Dream of Christmas." 5.15 The Practice. 6.00 About Anglia. 7.30 Father Dear Father. 10.30 ... Film. "Twinky," starring ... son and Susan George. ... Christians In Action

ATV

10.05 am Survival. ... Thomas. 11.10 Young ... 1.20 pm ATV Newsdesk ... "The Double Man." 5.15 ... 6.00 ATV Today. 7.30 ... Go. 10.30 Soap. 11.00 ... Mary Hartman. 11.30 ... Feature: Sssssnake.

BORDER

9.30 am The Undersea Adventures of Captain Nemo. 9.35 The ... 10.00 Portrait of a Village ... Friends. 11.15 Counterpoint ... Oscar. 11.55 The Sweet Sugar Doughnut. †1.20 pm Border ... Matinee. "Trapped Beneath ..." 5.15 The Garnock Way. ... around Friday. 6.30 ... 7.30 Father Dear Father ... sport. 11.00 McCloud. ... Border News.

CHANNEL

1.18 pm Channel Lunchtime ... 1.30 First Act. 2.25 The Friday ... "Downhill Racer." 5.15 ... Farm. 6.00 Report. 6.3... 7.30 Bernie. 10.28 Channel ... 10.32 The Late Movie: "..." ... am News and Weather in ...

GRAMPIAN

9.25 am First Thing ... at War. 10.00 Portrait ... 10.20 Just Friends. 11.15 ... 11.40 Oscar. 11.55 The ... Doughnut. 1.20 pm Grampian ... †2.25 Matinee. "Bachelor ..." 5.15 Emmerdale Farm. 6... Today. 6.30 The Muppet ... Welcome to the Ceilidh. ... Entertainers: Lindisfarne. ... "Twins of Evil." 12.35 am ... 12.40 Grampian Headlines.

GRANADA

9.30 am Sesame Street. ... Amazing Chan. 10.50 ... Things. 11.17 Cartoon. 11.25 Clapperboard. 11.45 Song Book. 1.20 pm This Is Your Right. 1.30 The Amazing World of Kreskin. 2.25 Matinee: "The Iron Maiden." 4.10 Cartoon. 5.15 This Is Your Right. 6.00 Granada Reports. 6.30 Kick Off. 7.30 Oh No It's Selwyn Froggitt. 10.30 Reports Extra. 11.00 Film. "Sweet Smell of Success."

HTV

9.30 am Les Bicyclettes de Belsize. 9.55 Portrait of a Village. 10.20 Just Friends. 11.15 Counterpoint. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.25 Matinee. "A Dream for Christmas." 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 7.30 Oh No It's Selwyn Froggitt. 10.35 Report Extra. †11.05 The Friday Film: "Thunder on the Hill."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 Penawdau Newyddion Y Dydd. 4.15-4.45 Plant Y Byd. 6.00-6.15 Y Dydd. 10.35 Folk on the Avon. 11.05 *It's All Right If You Like Sheep*. 11.35 Outsiders.

HTV West—As HTV General Service except: 1.20-1.30 Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

... 10.25 Just Friends. 11.15 Counterpoint. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.30 Westward News. 1.30 First Act. 2.25 Matinee: "Downhill Racer." 5.15 Emmerdale Farm. 6.00 *Westward Diary*. 6.35 *Time Out*. 7.30 Bernie. 10.28 Westward News. 10.30 Film. "Duffy." 12.15 am Faith For Life.

YORKSHIRE

9.30 am The Wild, Wild World of Animals. 10.00 Treetop Tales. 10.15 Tarzan. 11.10 Winners and Losers. 11.35 Tell Me Why. 1.20 pm Calendar News. 2.25 *Matinee*: "The Barbarian and the Geisha." 5.15 Sam. 6.00 Calendar. 6.35 Calendar Sport. 10.30 The Many Wives of Patrick. 11.00 Film: "Slay Ride."

BBC Radio New Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen. 6.00 Roundtable. 7.30-10.00 As Radio 2. 10.00 The Friday Rock Show (S). 12.00-2.00 am As Radio 2.

RADIO 2

5.00 am News. 5.03 David Allan (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S) including 10.30 Cricket: Second Test. 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S) including 1.45 Sports Desk. 2.30 *David Hamilton* (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.45 Sports Desk. 7.02 Jim Macleod and his Band (S). 8.02 Frank Chacksfield (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Support Your Local. 10.30 Let's Go Latin. 11.02 Sports Desk. 11.05 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00 am News Summary.

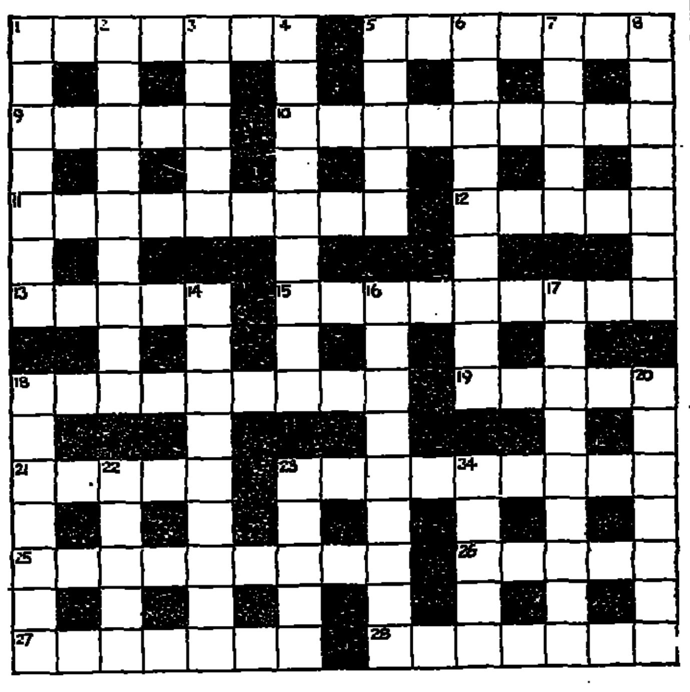
RADIO 3

‡5.35-10.05 am Cricket. Second Test Australia v England: commentary. 6.55 Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Sibelius (S). 10.05 Holiday Special (S) Fanfare. 10.25 BBC Northern Ireland Orchestra (S): Schubert, Arnold, Josephs. 11.10 Julian Bream and John Williams (S). 11.25 Young Artists Recital (S). 12.15 pm Midday Concert (S): Berlioz, Wallingford, Harris. 1.00 News. 1.05 *Playbill* (S). 1.20 Midday Concert (S): Beethoven. 2.05 Renaissance: Godowsky's Transcriptions of Rameau (S). 2.55 BBC Concert Orchestra in Portugal (S): Britten, Berkeley, Rawsthorne, Elgar. 4.05 Young Composers 78 (S). 4.50 Schubert's Mass in A Flat (S). 6.30 News. 6.35 At Home. 7.30 Music from Pebble Mill (S): Bach, Bartok, Beethoven. 8.20 Raising the Siege. 8.40 Music from Pebble Mill (S): Schumann. 9.25 Italia Prize 78 (S). 10.15 Copland Conducts Copland (S). 10.55 Music Now. 11.40-11.55 Tonight's Schubert Songs, *including* 11.45 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, Magazine, *including* 6.45 Prayer for the Day; 7.00 and 8.00 Today's News; 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 *Announcements*. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather. 1.00 The World At One: News. 1.40 The *Archers*. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Examining the Boards. 4.35 Story Time. 5.00 PM. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz Spiegl. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News. 12.15-12.23 am Shipping Forecast.

F.T. CROSSWORD PUZZLE No. 3,849



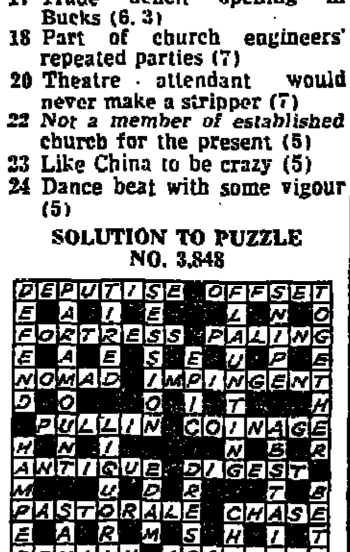
ACROSS

1 Please have a bet with the old lady (7)
5 Officer it's a complaint (7)
9 County giving old Bob a cut (5)
10 Publish at present on river (4, 5)
11 Taking note to make old boy domestic (9)
12 Despondency of key weaver (5)
13 Europeans who go and pay for themselves (5)
15 *Going to present* editor without ceremony (9)
18 Stand for theatre company to feel bitter about (9)
19 Party went ahead and distributed (5)
21 Made quickly during fell-race ascent (3, 2)
23 Gland outside-right laid low (9)
25 Bradman caught (a bloomer) in Yorkshire (9)
26 Returned information useless to old African ruler (5)
27 Row on railway set in theatre (7)
28 Tempestuous magician would *love to come off* and do well (7)

DOWN

1 Record equity share strife (7)
2 The two of us will establish compact (4, 3-2)
3 He stares at opening above the Queen Elizabeth (5)
4 Equip master with part in incoherent tale (9)
5 Cast *longing eyes* at company's beastly doctor (5)
6 Member of Salvation Army on holiday beaches? (4, 5)
7 Part of body put to right like this (5)
8 Special constable on border Edward designed (7)
14 Cad engraving boot protector (4, 5)
16 Like a paratrooper or worn out (3, 2, 4)
17 Trade deficit opening in Bucks (6, 3)
18 Part of church engineers' repeated parties (7)
20 Theatre attendant would never make a stripper (7)
22 *Not a member of established* church for the present (5)
23 Like China to be crazy (5)
24 Dance beat with some vigour (5)

SOLUTION TO PUZZLE NO. 3,848



ENTERTAINMENT GUIDE

CC. These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

THEATRES

CINEMAS

EXHIBITIONS

ART GALLERIES

APPEALS

THE ARTS

Cinema

Superman to the manner born

by NIGEL ANDREWS

Superman (A). Warner West End.

Is it a bird? Is it a plane? Or is it a multi-million-dollar white elephant?

Superman has reached our screens at last, after what seems like a millennium of advance publicity. The first reaction to the movie must be a sigh of relief that it is here at all. The second is confusion at the finished result; which slings itself across the vast Panavision screen with the nervous abandon of a film which knows that it must recoup a fortune at the box-office simply to stay on the right side of solvency.

It is a movie almost literally split down the centre between the banal and the thrilling: between a play-safe kowtowing to the modern vogue for camped-up popular art of yesteryear *(cf King Kong)* and a breathtaking visual bravura. An opening title dedicates the film to the late Geoffrey Unsworth, who was cinematographer on *Superman* and brought to it his special flair for blending panoramic vistas with minutely accurate special effects work. (Unsworth also photographed *2001.*) *Superman looks* superb. As a spectacle, it is one of the boldest gauntlets thrown down to the challenge of television in this decade: a decade that has seen a return to the 1950s policy of blockbusting showmanship as a means to lure the erring filmgoer back to the box office fold.

The opening 20-minute prologue is a little gem of designer's-folly Science Fiction. Director Richard Donner and designer John Barry (who won an Oscar for *Star Wars*) have had a creative brainstorm in this vignette of life on Superman's mother-planet Krypton. In a vast intergalactic cavern, black-robed Marlon Brando passes judgment on three rebellious Kryptonites who stand huddled together in a circle of light, penned in by what seems to be large whirling hoola-hoops. A scene or two later, just before this condemned trio of baddies wreak vengeance on Krypton by blowing it to pieces, Brando slips into something more comfortable but no less eye-catching — a phosphorescent white jump-suit with the familiar "S" monogram — to stalk through his gigantic ice-palace, debating with spouse Susannah York what to do with their new-born child as doom approaches.

The child is none other than Superman-to-be, and what they decide to do is put him in a large cradle-cum-sputnik and launch him off in the direction of Earth.

Cue for another Parade of Visual Wonders, as the baby Superman roars through Space like a rocket-propelled version of *2001's* Star-Child. Meanwhile, back on Krypton, the planet explodes and the screen is a brief, resplendent chaos of tumbling ice-masonry, reeling figures and exploding light.

Then we come down to Earth: in more senses than one. Though the film is still intermittently bracing and spectacular, it hits a lower plateau of inspiration, and the epic elements start to fight a running battle with that camply nostalgic flippancy that spluttered through, and finally scuttled, *King Kong*. After a brief chapter chronicling Superman's boyhood on the farm of his Earthly foster-parents (Glenn Ford and Phyllis Thaxter), the film enters "Metropolis" (that is, New York) and inaugurates Superman's career as a crime-fighter, and his parallel sojourn at the Daily Planet newspaper as "mild-mannered reporter" Clark Kent.

Newcomer Christopher Reeve in the main role, let it here be said, is the film's one item of all-weather protection. The movie's humour and spectacle flourish in fits and starts, but Reeve throughout is the comic-strip Superman sprung to life. *And* the comic-strip Clark Kent. His introductory scenes of bespectacled flummery in the newspaper office, with a diffident stammer and an Eric Morecambe-like habit of adjusting his glasses, are a miniature *tour de force*. And when the black suit is jettisoned for the crime-crusader's cape and tunic (and the hair carelessly ruffled into a kiss-curl), his debonair, throw-away heroism is Superman to the manner born.

Christopher Reeve

But what is he given to exercise that heroism upon? A brief, montage-style flurry of Superman feats early on—rescuing Lois Lane from a crashing helicopter, aiding an aeroplane in mid-air distress—whets the appetite for a crowning challenge. But a crowning challenge of adequate dimensions has eluded the ingenuity of the film's writers. The combined talents of Leslie Newman, David Newman, Robert Benton and Mario *(Godfather)* Puzo can come up with nothing better than another of those louche and nutty Master Criminals whose like used to adorn the *Batman* series on TV. This one goes by the name of Lex Luthor and is played, with a large variety of wigs and a limited variety of comic grimaces, by Gene Hackman.

Hackman-Luthor is planning to hurl a nuclear missile at California's San Andreas Fault, thereby causing an earthquake big enough to topple the West Coast into the sea (San Francisco and Los Angeles with it) and create a new coastline which will be his for the owning and exploiting.

The film's last hour or so turns, as a result, into a virtual reprise of *Earthquake*, with panic stations all along the Californian coast and the Pelion-on-Ossa embellishment of an about-to-burst Hoover Dam. With Superman on hand, one is never really alarmed by the danger, nor by the standard shots of crumbling buildings and fissuring roads. The film would have been better choosing either to stay firmly earthbound with Superman crime-fighting amid real city streets, or to have sent him off into the outer galaxies to do battle with those Krypton-destroying villains about whom we hear so bothersomely little after the first 10 minutes.

But one shouldn't criticise a film for what it isn't rather than for what it is. What *Superman is* is a mixed-up but often lively addition to the Cinema of Showmanship. The gravity-defying stunts that the publicity men have been whetting our curiosity about for so long are as good as we were promised. Superman flies through the air with grace and without a trace of wires. And he even takes Lois Lane (Margot Kidder) with him on one little night-flying trip, in one of the oddest romantic interludes in movie fiction.

Like the rest of the cast, Miss Kidder—who has a nice line in husky-voiced confusion, and wears the perfect Lois Lane simper whenever her name is "romantically linked" with Superman's — seems to have stepped straight out of a comic-strip.

Like the rest of the cast, that is, except for Marlon Brando, who reportedly wanted to play Superman's father as a green suitcase, or failing that as a bagel. Failing both, he has opted for the next most eccentric course and played him as Fletcher Christian of the "Bounty": complete with British accent, far-off aristocratic look and a general air of wishing-to-be-elsewhere. Perversely, though, Brando's charisma and authority shine through even his own attempts to suffocate them, and *he emerges willy-nilly* as the most magnetic presence in the film.

The *Superman* brochure handed out at the Press Show has a sting in its tail. "Next year *Superman II*" it announces—a promise or a threat? Congenial though *Superman I* is, I doubt that the same mixture will be welcome with filmgoers a second time: and if the current rage for the ersatz heroes of comic strips and B-movies is to continue (*Flash Gordon* is due in 1979), some less tricksy, less facetious approach must be found or we will all die from a surfeit of conspiratorial cultural condescension.

At the Press Show, a huge laugh greeted Superman's declaration-of-faith as it purred off Christopher Reeve's lips: "I'm here to fight for truth and justice and the American way." Heaven forbid that one should greet a line like that with a wholly straight face. But to catapult yesterday's beliefs and orthodoxies into the air like clay pigeons for sophisticated modern filmgoers to shoot down seems an exercise in elaborate futility. The current, strenuously frivolous craze for comic-book heroes of the past hides, I suspect, an actual need for heroes of today: a need that audiences camouflage with flippancy or relieve by the safety-valve of laughter. An age that needs heroes is in a bad way, and an age that feels but won't acknowledge that need is in an even worse way.

Superman is just one link—innocent, shiny, attractive—in a chain that has been forged throughout this decade. The age of Pop Culture is an age that glorifies disposability, and the cult of "Camp" is a subtle way of turning away from moral and emotional engagement. *Superman* deserves to be enjoyed on its own gaudy, funny confident, razzle-dazzle level: but the bright wallpaper hides some lengthening cracks in the plaster.

New RSA-Robert Mayer Award

The Royal Society of Arts' *1979 Scholarships for singers and* string players include a new RSA-Robert Mayer Award.

This has been instituted to honour Sir Robert Mayer's personal contribution towards encouraging young British musicians. Using its own funds the Society will sponsor the RSA-Robert Mayer Award which will be of comparable value to the other principal awards. It is different to the others in that it will be offered specifically for further study at a recognised centre of music tuition in the United Kingdom. In the past the Society's music scholarships have been exclusively for further study overseas.

Further details can be obtained from the Secretary, Royal Society of Arts, 8 John Adam Street, London WC2N 6EZ.

National Gallery

The Adoration of the Golden Calf by Nicolas Poussin, which was maliciously damaged by a visitor to the National Gallery on April 3, has been restored by the chief restorer, Arthur Lucas, and will go back on display in Room 32 of the National Gallery

Piccadilly

A Night with Dame Edna

by B. A. YOUNG

Dame Edna, as is right for any well-known music-hall turn doesn't appear until after the interval. Before the break, we are given a talk by the Australian Cultural Attaché, Les Patterson, or Sir Les as he is now. In his shiny dinner-jacket and protruding teeth, he tells us as much as he deems proper about Australian culture —nothing, that is—before giving place to the General Secretary of an Australian union whose acronym I cannot write here. Lance Boyle, on a well-funded official visit to Hong Kong spends some time on the telephone ensuring that his visit will be well spent, then in his turn retires in favour of Sandy Stone, the perennial invalid, who now haunts his wife's bedroom from the afterworld.

Barry Humphries as Dame Edna

Any one of these three acts would almost have sufficed an old-time music-hall comic (music-hall nostalgiacs do not generally admit how little material their heroes needed for a lifetime's fame). Sandy bores me rather, but Lance and Les never do. I suppose Sandy's function is to show that even Australians have a sentimental side, but even if this is true it is something I have no wish to know about. I am more interested in the rougher side of the antipodean character that the others demonstrate.

After the interval we are entertained for the rest of the evening by Dame Edna Everage. Audiences will be surprised to see Dame Edna bounding on in squash-playing kit, with a dark Afro wig and a practical, unadorned pair of spectacles. After volleying a couple of balls into the circle (the mantelpiece, as she calls it, she settles down to selecting victims from the house and telling them and us about the horrors of her family life.

All these characters are, of course, played by Barry Humphries. There is little point in retailing just what he leaks to us about the Clapham home of his daughter-in-law Joyleen (or is it his daughter?) As always, it is based on close, critical observation of current life, it is very funny indeed and often in superbly bad taste. But it was evident Wednesday that it didn't matter much what Dame Edna said as long as she said something, and in an atmosphere like that it is hard to be hypercritical.

To conclude, Dame Edna does a quick change of clothes and returns in her more familiar, more feminine guise to hurl armloads of gladioli at us and conduct us in an absurd anthem. You either like Barry Humphries or you don't. I am happy to forgive him what seem to me his lapses as long as he continues in his best moments to be so uproariously, and so individually comic.

Purcell Room

Rainier at 75 by MAX LOPPERT

Priaulx Rainier, one of this country's most individual and valuable composers, celebrated her 75th birthday last February. Seventy-five is a nicely substantial number—excuse enough, one would have thought, for a period of celebration and re-examination (several big orchestral scores, such as *Aequora lunae* and the wind-and-percussion piece *Ploërmel*, wait for the regular performance they deserve but so far have failed to gain). To the —alas! all too predictable— shame of the London concert scene, and with the exception of the Violin Concerto given at this year's Proms, the birthday has gone almost entirely uncelebrated.

Once again, fortunately, the Park Lane Group has come to the rescue of musical honour. Wednesday night's PLG recital by the London Oboe Trio and its various guests was a notable and wholly enjoyable tribute in concert form. The three Ranier works chosen—*Quanta* (1962) for oboe and string trio, the String Trio (1967), the song setting *Bee Oracles* (1970) for tenor (Philip Langridge) and five instruments—were interspersed with Mozart (a violin-viola duo and the Oboe Quartet). There could not, of course, be included any gesture of recognition of the composer's remarkable ingenuity and visionary imagination as an orchestrator and manipulator of large forces. But as a display of mature small pieces cut, like sharp-outlined and rigorously crafted wood statues, by a master miniaturist, it was a satisfying and significant occasion.

All three pieces, though they differ in sonority, atmosphere, and impact, share the Rainier hallmark of leaping, snapping, impulsively energetic small cells of musical matter, acerbic in their chordal harmony, quick to break off into silence. The lines of discourse they shape may be discontinuous, unconventional in development; but the sense of all three pieces is of a self-igniting vitality, an "organic" quality that puts one in mind of another individualist among composers, Janácek. The style does not preclude lyricism: in the final pages of the String Trio, for instances, the interaction between the three instruments comes to suggest a good deal more of lyrical utterance than the length of the phrases ought to warrant.

A related facet of Rainer's art to which the concert paid attention is the subtlety and minute sensitivity of her writing for solo voice. *Bee Oracles*, a setting of a Sitwell poem, is beautifully described by its composer as "a kind of honeycomb in sound." The vocal line, with its repetitive gestures and also its long-spanning shape, forms a vivid and dynamic contrast to the fast-moving minutiae of the instrumental figuration. The effect is radiant, stirring, wholly natural, yet wholly unexpected—a minor masterpiece, surely. Like all the pieces on the bill, it was performed with a combination of reticence and enthusiasm that was entirely appropriate both to Rainier and to Mozart. But with so fine a tenor as Mr. Langridge on hand, and with a programme some way under two hours in length, could we not have had the beautiful *Cycle for Declamation* for solo high voice as well?

Whitehall Theatre

The Wizard of Oz

by WILLIAM PACKER

Ron Knee's staging of *The Wizard of Oz* is certainly a cheerful enough affair, for the small company runs through the familiar story, and the even more familiar songs, with a commendable and most engaging verve. But it must be said that it is cheap too. The sets — even allowing for the shakiness and corner-cutting traditional in a Christmas entertainment and all part of the fun—are to say the least rudimentary. Some of the drop-cloths not painted at all. And the costumes, though bright, colourful and adequate for their purpose, are not exactly lavish, with only the principals dressed at all ambitiously. There is little in the way of spectacle therefore, the flashes and bangs necessary to any self-respecting pantomime by no means over-convincing. The actors work very hard, and do very well, to achieve their effects.

The Principals do very well indeed, most notably Jane Briers, whose splendidly spiteful Wicked Witch of the North entranced the younger members of the audience, and convulsed the rest, conspicuously the entire orchestra. She is what a witch should be, with her green face, fish-hook nose and tall black hat. And she is admirably supported by Richard Ashley's boastful, cowardly Lion, and by the Tinman and the Scarecrow, played with great comic dignity by Nicholas Tudor and George Alexander. Yvonne Edgell as our all-American heroine bounces through it all with considerable aplomb.

Yvonne Edgell and George Alexander

It makes for a most curious pantomime, since the story is close to the tradition, with its account of the triumph of innocence over evil, trials faced, difficulties overcome and a long journey successfully accomplished. But there is, awkwardly, no principal boy, no princess, no Widow Twankey. It remains alien, and needs refinement. And for the cast to emphasise the difference with a gently self-mocking Cod American delivery, though frequently very amusing — especially so with the Munchkins' bizarre and solemn exchanges — is not quite enough.

The opportunities lost to bring it all into the grand tradition of pantomime stick in the mind, the general lack of melodramatic flair, the dreadful abruptness of the Witch's final exit, and the cursory, almost rude finale. The younger your children are the more they are likely to enjoy it.

'Mama Chicago' jazz cabaret

Mike Westbrook's jazz cabaret *Mama Chicago* has been on a 12-date tour of England which will culminate in four performances at the Scala cinema, Tottenham Street, W.1, every night until December 17 starting at 9 pm. With music by Westbrook the show has lyrics by Adrian Mitchell, Mike Kustow and Kate Westbrook.

The Scala performances will be augmented by a week of lunchtime screenings of *Music in Progress*. Charles Mapleston's film about the work of Westbrook and his group. The film runs from December 11 to 16 at the Scala.

In addition, an hour-long Radio 3 studio session will be broadcast on December 18. The programme, *Jazz in Britain*, will be exclusively devoted to Mike Westbrook.

Mama Chicago was first presented in July this year at the Open Space in London and from there went to the Edinburgh Festival. It has now been seen in France, Italy, Sweden and Holland, and plans are already confirmed for tours of England, Scotland, France, Holland, West Germany, Sweden, Denmark, Finland, Israel and the U.S.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Friday December 15 1978

Now back to reality

SANCTIONS are dead: long live the real sanctions. The defeat of what remained of the Government's incomes policy in the House of Commons brings to an end a completely unreal phase in the continuing battle to reduce inflation. A so-called voluntary incomes policy which is supported by no-one except Minsters and a minority of union leaders is a fiction: and a minority Government trying to behave like a strong one compounds that fiction. The battle against inflation is not a battle of wills: it is a battle to persuade people to understand reality and their own interests. That battle can now be resumed.

Persuasion

A weak government— even a government which can survive only because the potential opposition is divided — is not necessarily the worst equipped for such a job of persuasion. *When King Canute was credited* with supernatural powers by his courtiers, he willingly got his *feet wet to prove them wrong.* The message which Ministers need to preach is in a way similar.

A democratic Government cannot control the bargains struck by free individuals for more than a short period of emergency: but what it can do is to ensure that those bargains have their natural consequence. This means basically no more than refusing to buy time to accommodate folly. The Government has an anti-inflation policy, and it works. A strong exchange rate, achieved through control of the growth of credit, has already reduced inflation well below expectations, and helped to improve living standards. But this policy has consequences which the Government is powerless to prevent.

The main consequence was one which the Chancellor stated eloquently not many weeks ago in his Mansion House speech, and which has just been underlined by the Bank of England. It is simply that where the external value of money is so far as possible fixed, excessive wage claims can make companies uncompetitive. If average wage settlements can be held to single figures, growth can continue. If some of the recent bargains, inspired to some extent by the desire of the militants to "smash" the Government's policy, become the norm, then growth will slow or stop and jobs will be lost. That is a tragedy which the Government can point out, but it cannot prevent it. It is the necessary consequence of an anti-inflationary policy.

The sanction of foreign competition and restricted credit does not, however, bear on the whole economy, but only on those engaged in the competitive market for goods and services. Firm monetary control is a necessary but not a sufficient policy.

Private sector monopolies, in an open European economy, are fortunately rare, but powers to control them and their pricing policies, or, where it is technically possible, to break them up, may need to be strengthened. The bargaining strength of trade unions which have their fingers in some sense on the jugular veins of their employers or of the whole economy present a more difficult problem, and not only in Great Britain, but it should not be exaggerated.

For the most part this potential power is not abused, and extortionate tactics here or there should not be used as an excuse to attack the trade union movement as a whole, and so risk real guerrilla warfare What may be required is simply to resist such claims, and risk disruptive stoppages which will mobilise public opinion against the trouble-making minority. In an economy where wage behaviour in general is broadly rational, extortion is easy to identify.

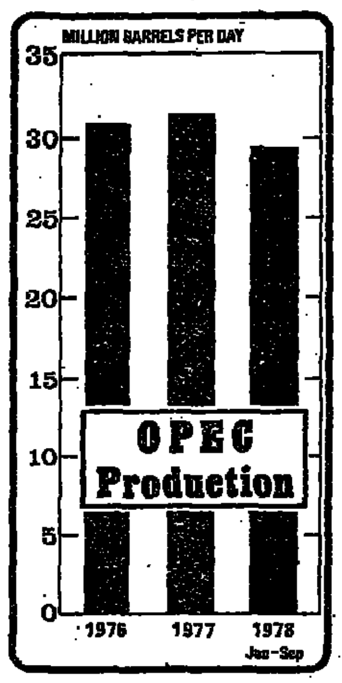
It is in bargaining with the public sector that the Government has left itself most uncomfortably exposed. An attempt to soldier on with five per cent regardless of what happens elsewhere in the economy may look like strength, but would simply be obstinacy. If injustice, and later disruptive adjustments are to be avoided, public sector pay must bear some relation to what is happening to the private sector, though certainly not in the form of rigid indexation, which would ignore the fact that some private workers may be pricing themselves out of jobs.

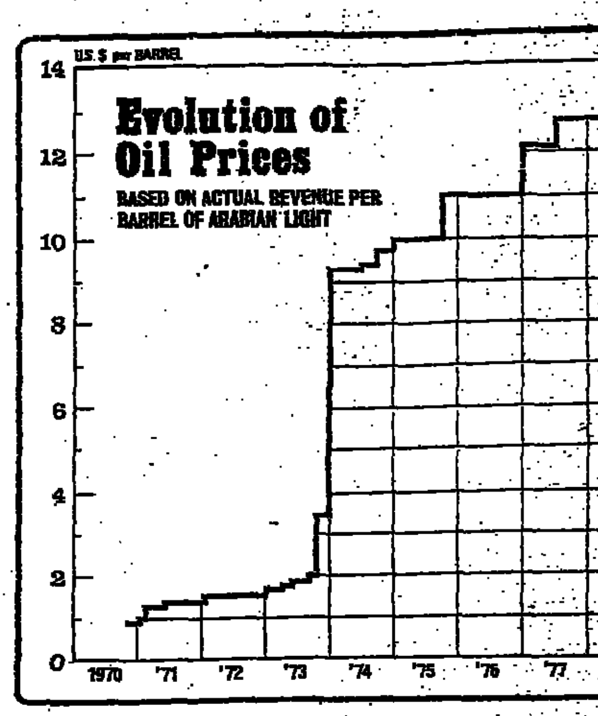
Perhaps the best approach to a solution would be to seek to delay those settlements which occur fairly early in the pay round by means of interim settlements, so that final bargain could be struck after a discussion of relativities, and with better knowledge of the growth of revenues available to pay the bill.

Meanwhile, however, the urgent task remains of reinforcing the dawning sense of reality now to be seen in pay negotiations. That may mean reinforcing existing anti-inflationary policies, notably by steps which would reduce the public sector borrowing requirement, and so ease the financial squeeze which is already threatening private sector growth. Such an approach, rather than a last-ditch defence of a fiction, would be worthy of a Government committed to a death-or-glory fight to check inflation.

Opec tackles oil price in subdued mood

BY JAMES BUXTON, in Abu Dhabi





THE MEETING of the 13 OPEC countries which begins here tomorrow virtually certain to order the first general increase in the price of crude oil for two years. It will have been made possible by the tightening of the oil market in recent months, accentuated by the oil industry strikes in Iran, but the size of the increase seems likely to be tempered as a result of the special circumstances in which members of the cartel find themselves.

Abu Dhabi in the United Arab Emirates is an appropriate place for this meeting, which comes five years after the 1973/74 watershed when OPEC decisively took control of oil pricing and raised the price fourfold. The economies both of the OPEC states and of the big industrial consumers were transformed. But a surge of imports and imported and locally generated inflation caused OPEC states with a high population, like Iran, Nigeria and Algeria, to slip quite quickly into deficit on their balance of payments and become net borrowers.

But what is surprising is that states like Abu Dhabi, with a very small indigenous population and, it was thought, a low ability to absorb income, are finding that their expenditure is coming close to their revenue. With an anticipated income of more than \$5bn this year Abu Dhabi may only narrowly cover its planned expenditure which apart from spending in the emirate itself last year included about \$1bn in overseas aid and nearly \$1.5bn for the budget of the UAE, of which Abu Dhabi's ruler, Sheikh Zaid, is president. Its accumulated reserves, estimated at about \$6bn, are now growing much less quickly.

Saudi Arabia which this year budgeted for a deficit has been feeling cash flow problems this year because of lower than anticipated oil income in the middle of the year and has made some relatively small drawing on its accumulated reserves, roughly estimated at about \$70bn.

The Bank of International Settlements has estimated that the OPEC states gross reserves declined by \$5.2bn in the first half of this year while during the second quarter of this year they reduced their deposits with the international banking system for the first time since the 1973 oil crisis.

For these states which theoretically can absorb less of their oil incomes, with their limited economic prospects for the day when the oil runs out, the rate at which they are consuming income is worrying. This is especially so given the drop in the value of the dollar which, it has been estimated, took 17 per cent off the real value of OPEC's earnings since the January, 1977, price rise, which eroded the real value of their accumulated financial assets which, it is generally believed, are 80 per cent denominated in dollars.

Hence the laments of OPEC. The UAE's Oil Minister Dr. Mana Saeed al Oteiba, spoke rather vaguely this week of OPEC countries' losing between 37 and 53 per cent of their purchasing power as a result of inflation and the decline of the dollar since January, 1977. Like some other oil ministers, however he stressed that OPEC would not be seeking full compensation for this loss. "This would be a catastrophe, we would destroy the world economy," he said.

In public the OPEC countries direct the responsibility for the change in their fortunes on the industrial countries and put this forward as a justification for price increases. In practice they know to their perplexity that this in itself does not make an increase possible—which is galling for an organisation whose aim is to maintain revenue values.

A degree of consensus

Since the OPEC meeting in Doha, Qatar, in December 1976, when the cartel imposed a 10 per cent price increase (only five per cent of which was implemented for the first six months by Saudi Arabia and the UAE) OPEC has had to face the fact that with a relative surplus of oil on the market there has been no possibility of a substantial price increase. Demand in the industrial countries has been relatively stagnant and new capacity has been coming onstream in the North Sea and Alaska. The only way to make a substantial increase in prices stick would have been for its individual member countries to agree to programme their production to match supply to demand. Saudi Arabia, which as producer of a quarter of OPEC's output is the key producer of the cartel, has always been totally opposed to this. While some attempt was made to coördinate production in the wake of the Geneva meeting last June, OPEC has neither the collective will nor the organisation to apportion production in the traditional manner of a cartel. Most states do however have production limits below their theoretical capacity set for reasons of conservation but this does not amount to programming.

Resentment at the decisive effectiveness of the moderates —Saudi Arabia and Iran—at the Caracas OPEC meeting last December when members failed to agree on a price rise resulted in an informal meeting in Taif, Saudi Arabia, in May this year where a degree of consensus was reached. Sheikh Yamani, the Saudi Oil Minister, secured a measure of acceptance for his view that the current oil glut would disappear with increased economic growth in the early 1980s. He proposed that there should be gradual increases up to that time in order to prepare consumers for it and encourage conservation and development of alternative energy sources.

In fact limitation of the offtake of some state's oil—notably the restrictions on the lifting of Saudi Arabia's attractive light crude to a ratio of 65 : 35 to the less sought-after heavier varieties—have had some effect on the oil market in the past few months. This has coincided with an increase in demand.

This is partly due to the building up of stocks by the oil companies, which anyway tends to occur in advance of OPEC's December pricing meetings but which has been especially strong this year because of the substantial running down of stocks by the oil companies since late 1977: and partly because of the higher winter demand for fuel and high demand for gasoline in the U.S. during the summer and autumn.

On top of this has come the crisis in Iran where since late October strikes by workers in the oilfields have reduced oil production to as little as 20 per cent of output, which in the first nine months of this year was averaging about 5.6m barrels per day. Some states, notably Kuwait, have been reluctant to make up the shortfall in OPEC's oil output but Saudi Arabia has let its production rise in keeping with a seasonal pattern of winter from about 8.3m b/d in September to well over 10m b/d, not far short of what is considered its sustainable maximum, of around 11m. The 2m b/d excess supply in the market had been taken up by early November and the result was a dramatic tightening of the spot market for crude oil with some of the lighter crudes up by as much as \$1 per barrel—a rise of 8 per cent over the official OPEC marker price of \$12.70 per barrel for Arabian light.

Mr. Izzeddin Mabrouk, Libya's Secretary for Petroleum, has stated here that OPEC should take advantage of the Iranian situation to force through a substantial price increase to compensate for the financial losses suffered by the dollar's decline and inflation. But it seems likely that OPEC states will take the view that while strikes in Iran may continue and recur until the political crisis is solved, this is essentially a temporary phenomenon and whatever opponents of the Shah may say, no Iranian Government is going to forego revenue for the sake of religious principle or xenophobia especially as the country now needs revenue worse tha ever.

It remains to be seen whether this view will in fact prevail when the Ministers start their meeting at the Hilton Hotel in Abu Dhabi tomorrow morning. But from pre-conference statements and indications, there does seem to be a relatively strong alignment that does not favour more than a fairly small increase. Sheikh Yamani has said he would like to keep prices frozen but that Saudi Arabia might not be able to withstand pressure from its partners. Privately Saudi Arabia has hinted that it would be prepared to accept a small increase but considers 10 per cent too much.

Saudi Arabia's view is that a large increase would damage the world economy and depress demand which would be self defeating. It does not want to depress the dollar in which it is estimated some 80 per cent of its financial assets abroad are held. Nor in view of its dependence on the U.S. in the military and development fields can it afford seriously to antagonise Washington. But it has no wish to split the cartel as it did at Doha nor to be seen as the sole standard bearer of the West in what is essentially a Third World organisation. The UAE has indicated that it will go along with the Saudi position.

All the signs are that Iran will take a low profile at the conference. The loss of Iranian oil production and the effect of wage increases has enormously increased Iran's need for revenue but the regime of the Shah perceives its future as heavily dependent on the continued support of the western countries and it has no wish to antagonise Saudi Arabia. Saudi Arabia and Iran in normal times together produce nearly half OPEC's total output.

Positive role

If that were not enough, Iraq has been hinting that it is much less inclined than in previous years to beat the drum for a large increase to replace its lost purchasing power. The oil minister, Mr. Tayeh Abdul-Karim, has said that Iraq will not seek full compensation and would seek a level that would keep OPEC united, but he said yesterday that a "token" increase of 5-10 per cent would be unacceptable.

Some people see this as part of Iraq's drive to rejoin the mainstream of Arab politics after several years of isolation and, if possible, to assume the leadership of the Arab world in the wake of the Camp David agreement and the negotiations between Egypt and Israel which seem likely to take Egypt out of the Arab arena. The Baghdad Arab summit in November, where Iraq was notable for its firm but by no means radical role, is seen as part of this process and it implies a desire on the part of Iraq to play a positive role—a role shunned by Saudi Arabia. It may feel it can assert its influence at OPEC better by presenting a policy that the more moderate states can easily follow rather than playing the extremist.

If Iraq's stand has been tempered by a degree of moderation, the two remaining traditional hawks of the organisation, Algeria and Libya, would appear to be more isolated than before in wanting major increases. Among the middle producers, Kuwait and Venezuela are in favour of a moderate increase as a means of compensating for the fall of the dollar. The idea of indexing the dollar price of oil to a basket of currencies was decisively rejected by Saudi Arabia during the autumn after consideration by an OPEC committee and does not appear to be a starter at this point.

But while it remains unclear what increase will be adopted at the OPEC meeting, it is also uncertain how it will be phased. Sheikh Yamani is believed to have suggested at Taif in May the idea of small quarterly increases and this idea has gained acceptance from Kuwait and Venezuela. It is consistent with the idea of gradual increases to prepare the world for the energy shortages predicted for the future (though the idea that there will be consistent shortages of oil in the 1980s is not unanimously held in the oil world).

Quarterly increases could also cushion the damage to the world economy and even out the peaks and troughs of demand that result from the present system, with heavy stocking anticipating price increases, followed by demand slackening. That causes difficulty in making the new prices stick after an increase. Yet it is not clear whether Saudi Arabia would want to have its hands tied in advance for the year to a set of regular increases. If a formula for regular increases were to be set (say 12 per cent over a year at quarterly intervals) the initial increase (of 3 per cent) would be unacceptably low for almost every member of the cartel in present circumstances. This may make it more likely that there will be an increase of perhaps 10 per cent set from January 1, with the possibility of a further increase from July 1 not to be ignored.

Party warfare in Paris

REVERBERATIONS of last spring's general elections are continuing to rumble through French politics. Since the decisive defeat of the Union of the Left in a fairly straightforward Right-Left contest, the two main groupings have broken down more clearly into four—Gaullist, Giscardian, Socialist and Communist. The rift between Socialist and Communists, an important factor in their failure at the polls, has been reflected on the right by increasing tension between Giscardians and Gaullists inside the governing majority. At the same time, the emergence of the Giscardians as a major political force has, if anything, only been confirmed by infighting in the other three parties, all of which were in different ways losers in the elections.

Personality

Both Socialists and Communists are deeply divided, not only over tactics but also over fundamental issues of policy. Now, widening divisions among the Gaullists are also coming out into the open. This week, M. Alexandre Sanguinetti, one of the oldest Gaullist "barons," seemed to be endeavouring to bring matters to a head by delivering a searing attack on M. Jacques Chirac, the Party leader. M. Sanguinetti's criticisms appeared to be directed as much against M. Chirac's personality as his policies. Given M. Chirac's well-known abrasiveness, that is perhaps not surprising. But M. Sanguinetti's announcement that he was withdrawing his support from M. Chirac is symptomatic of a more deeply seated malaise

One reason for this is almost certainly unease at the possible consequences of the Gaullist-Communist Parliamentary alliance which has recently defeated President Giscard d'Estaing on European issues. M. Chirac and M. Georges Marchais, the Communist leader, have recently been making uncharacteristically polite remarks about each other. But M. Chirac acknowledges the basic contradictions that would be involved in any more permanent rapprochement. He supported the Communists, he repeated this week, if they were taking up the cudgels for national independence. But he found their Marxist dogma "absurd" and he was horrified by their doctrine of a collectivist society.

The ad hoc Gaullist-Communist alliance has created serious difficulties for President Giscard d'Estaing. Following Parliamentary defeats on financing for European elections and the EEC budget, he has been forced to recognise that he has a much less free hand than he would like to conduct the pro-European policies he favours.

In the longer term, however, closer contacts between Gaullists and Communists might be welcomed by President Giscard d'Estaing if they led to the fundamental political realignment of which he has long dreamed. The widely accepted interpretation of the Giscardian grand design is that it involves a centre-left coalition including the Socialists, with the Gaullists and Communists excluded. But it is not as simple as that. Working together, the Gaullists and Communists would provide a formidable opposition. The Socialists would probably need a change of leadership before participating. With three of the four main parties in confusion, and the next Presidential elections not due until 1981, it may be some time before a clearer picture emerges.

MEN AND MATTERS

Pulling Minis into the side

It has been a hard road for the 1978 Mini. Three months ago BL, British Leyland as was, was telling me that it would be difficult to make a general recall of Minis built since October, 1977, "when it had not been defined which items should be changed."

The problem then was that a number of Minis' brakes were pulling to one side as a result of what one British police force called "sporadic faults."

On Wednesday night BL finally announced that it was to recall the 200,000 Minis built since October, 1977, for their brake master cylinders to be checked. But yesterday I was told that problems in the cylinders have nothing to do with the difficulties which caused three local police forces to complain and the Greater Manchester force to withdraw 103 Minis.

The occasional weakness in cylinders had been detected by BL's suppliers, Automotive Products. It could in a few cases cause brakes slowly to fade, not to pull in the way which BL has long accepted is at times occurring.

What are BL doing about this second problem? "Guidance to the dealer network through bulletins and visits where necessary" is the answer. There is no one particular cause, BL insists, and it points to the way that since October 1 this year it has introduced an engineering change in its dual-lined braking system. But it then adds "This change is not directly relevant to whatever braking problems have been thrown up but is a result of continuous engineering development."

If that problem has proved difficult to tackle, so has the question of how to announce the recall for the checking of brake cylinders. When I spoke on Tuesday about the possibility of a recall the next day I was told that there were no plans for such an announcement. At the time that was true, but late on Wednesday evening those favouring early disclosure of the cylinder problems eventually won the day.

"No Christmas cards for this lot, Miss Smith"

Since the public row over BL's handling of its problems with the Allegro, an increasing number of the company's executives has been arguing that the only way of ensuring the long-term credibility of the company is to take such problems on the chin. "Safety must come before any other considerations," BL said in its announcement on Wednesday night.

In the to-and-froing on when to make the announcement on the cylinder, BL found itself wrestling with the argument that only after it had a guaranteed supply of fresh parts should it do anything. Also considered was whether an announcement might not dampen some Mini owners' Christmas cheer.

But the view prevailed that that last point was less of a risk than allowing owners to career off on their holidays unaware of a problem which could have been costly to them but will now be costly to BL, though far less so than silence.

Claus clause

In its seasonal fit of Nordic humour, the Swedish National Standards Commission is once again letting down its bureaucratic hair. Last year it announced specifications for home-made ginger biscuits. This year the subject is Father Christmas.

Hr. Claus is required to stand 1.7m (without boots on); weigh 80 kg; measure 50 cms from tip of nose to tip of beard; and be able to hold at arm's length a 30-kg sack of presents. These standards apparently apply to Fru Claus too, since the committee accepts the idea of Mother Christmases, saying they can distribute heavy loads of parcels given "the various forms of lifting equipment now available."

One London store dismissed such ideas with a lofty: "We have the only genuine Santa." As for the British Standards Institute, I learn this no longer ventures into such areas, since its officials dressed up as unusually self-conscious Santas 12 years ago to announce the British Standards—since uprooted—for Christmas trees.

Jogs for the boys

Jogging mania is bad enough here and in the U.S., where there has been a steady sale of joggers' coffee-table books. But, still on a xenophobic note, our brothers in West Germany are even less inclined to do things by halves. Winter walkers, assailed by the panting of the langlauf enthusiasts, are also having to run the gauntlet of the keep-fit fanatics on the city pavements

The German Press confidently predicts that converts will number six million by Christmas, and is already describing the activity as "a problem . . . almost a religion."

Among its other attractions, running also appeals to the outpatient mentality.

A colleague in Bonn who attended a recent Jogging Symposium (really) tells me the audience seemed to relish the gleeful warnings by distinguished professors, nodding approvingly when told that no-one but a fool would jog without consulting a doctor. As with most good things, jogging has something for everyone.

Spreading alms

Waiters have, at last, something approaching a patron saint. On the Isle of Man, where they have long done things differently — Her Majesty, for instance, is not the Lady of Man but the Lord of Mann—I hear the bishop has chosen this moment to espouse the cause of the working bystander.

This week's sitting of the Tynwald, the local parliament, saw the Lord Bishop of Sodor and Mann, the Right Reverend Vernon Nicholls, asking the Manx consumer council whether it was aware that restaurant owners pocketed the 10 per cent "service" charge.

In a move which will no doubt please waiters everywhere, he proposes legislation requiring service charges to be spread among those who actually do the serving.

Shop early for 79

Card in a Camberwell shop window: "For sale, complete Father Christmas outfit, including beard and sack. Available December 26."

Observer

Pro and con Volvo's Norwegian deal

BY WILLIAM DULLFORCE, Nordic Correspondent, in Stockholm

NORWAY'S PURCHASE of 40 per cent of Volvo is a bold action by both partners, a remarkable package, which poses several complicated questions. Can Volvo live up to the role with which the contract invests it? Can Sweden's and Scandinavia's biggest industrial enterprise survive as a privately owned concern, or is the agreement with Norway the first step towards public control?

The signing of the contract in Oslo last week was more than a straightforward business deal. It was staged as an act of major industrial and political significance for the two countries. Two Prime Ministers participated and signed an industrial co-operation agreement on which the Volvo deal had been made conditional. It involves long-term Norwegian oil deliveries to Sweden and Swedish timber for Norwegian pulp and paper mills.

The agreement was prompted by the search for a new source of capital by Mr. Pehr Gyllenhammar, Volvo's managing director. The final package is so complicated that it poses a real problem of judgment for Volvo shareholders who will have to vote on it on January 30. It also raises some doubts whether the varying objectives of the parties to the ambitious deal can all be satisfied.

The most easily satisfied will be the Swedish Government, which—if the shareholders and the Norwegian Parliament approve the agreements—stands to get a secure supply of oil and some assurance that employment will be maintained in its car industry. In return it has to offer some tax dispensations and amendments.

For Mr. Gyllenhammar, the Norwegian connection means primarily SKr 750m (about £87m) in new share capital and SKr 200m in "compensation" for the re-organisation of his company into a bi-national concern. It will finance the long-term product development which Volvo needs, in order to remain competitive in the international automobile market, he believes.

The deal is something of a coup for Volvo's persuasive, Harvard-educated managing director, a quick comeback after the failure of last year's attempt to merge with Saab-Scania, the other car and truck maker in Sweden. But he has had to pay a price. Volvo is committed to a five-year industrial plan in Norway and to the creation of 3,000 to 5,000 new jobs there.

The Norwegian Prime Minister, Mr. Odvar Nordli, has different emphases. This is not primarily a deal about cars, he says bluntly, but an agreement on industrial and energy policies in the broadest sense. Volvo is to provide the technical and management expertise which Norwegian industry needs to develop and win foreign markets.

Big project

The agreement is the first major outcome of the Norwegian Labour Party's policy to buy industrial development with North Sea oil. The party traditionally thinks in terms of big projects, a tradition which has centred on hydro-electric power, aluminium, steel and shipbuilding and has been promoted by a tightly knit group of Labour Party members.

Some of them are now at the head of Kongsberg Vaapensfabrikk and Raufoss Ammunisjonsfabrikker, the aluminium components producers, who are likely to be among Volvo's main Norwegian partners. One of them is Mr. Jens Christian Hauge, former cabinet minister and Norway's chief negotiator in the Volvo deal. Has the group chosen the right foreign partner?

Their expectations are summed up by Mr Nordli: "Volvo is a company with a very strong leadership and with a strong organisation for financing, product development, and marketing. It is difficult to see that Volvo is not at least as strong as any other Scandinavian industrial enterprise to face the challenge of finding new forms of production, to exploit new markets, when the old ones disappear. I should not be surprised if Volvo's production towards the end of the century consisted of a smaller share of cars but a substantially larger proportion of other, new products."

That is a flattering assessment and puts the onus squarely on the Volvo management, whose most immediate problem is to make its cars profitable. Cars account for just over half of the group's turnover, which will approach SKr 19bn this year. The Volvo management proposes over the next couple of decades at least to produce in three of the world's highest-cost countries—Sweden, the Netherlands, and Norway — cars, most of which will have to be sold on foreign markets in the teeth of competition from manufacturers with greater financial muscle, who build cars in far bigger volume.

The burden of most of the financial analyses of Volvo since the Norwegian deal was mooted, has been doubt about the company's ability to generate enough profit to develop the new cars needed to meet this competition. Volvo is a sound company and has now received the investment capital it needs, Mr. Gyllenhammar retorts, but the theme running through the prospectus issued to shareholders in connection with the Norwegian deal is the need to raise Volvo's profitability. Shareholders are not promised immediate dividend increases. The message is that they must take a long-term view.

Last year Volvo made 226,000 cars, sold 241,000 by running down the stock of unsold cars, and made a loss on the operation. This year sales are up, cars are said to be back in profit, and the management is aiming at producing 300,000 next year. That compares with a total capacity of around 370,000. The improvement of sales this year has been assisted by the devaluation of the kruna and has come entirely in export markets, where Volvo has been able to keep its prices down. The Norwegian financial analysts' association in its recent report doubted whether Volvo could maintain this progress.

Its Dutch car operation has become a severe handicap. Volvo in 1973 bought 33 per cent of Daf, the Dutch car maker, and raised its stake to 75 per cent in 1975. But after the premature and unsuccessful launching of the medium-sized 343 model had to dispose of 20 per cent to the Dutch state in return for financial support. Volvo Car BV, the Dutch company, had made losses of over SKr 600m by the end of 1977.

Output is up this year, but is still well short of the 100,000 at which the management expects to break even. A further loss of around SKr 200m is expected. It will be covered by the Dutch state subsidy. The Norwegian agreement prospectus forecasts that Volvo Car Bv will turn in roughly the same result next year before taking into account the state support, of which only some SKr 40m will remain to cover the 1979 loss.

The Dutch venture, which entailed a move down market and an attempt to broaden the range offered by Volvo dealers, has yet to prove itself. The Swedish 240 and 260 models have recovered ground this year and have brought the whole car operation back into profit. The prospectus sees good chances of further volume increases in spite of the sharpening competition in that 18 per cent segment of the European car market, into which the larger Volvos fit.

Mr. Gyllenhammar has said that Volvo already has the capital it needs to finance replacements for both the 240/260 and 343 models. The Norwegian investment is to go towards developing, in collaboration with Norwegian manufacturers of aluminium, plastics and other light fibres and an entirely new car. The capital needed to produce a replacement for the 240/260 models has been variously estimated at between SKr 1.5bn and SKr 2.5bn.

The prospectus frankly acknowledges Volvo's need to raise earnings on its cars, in order to generate investment capital. The renewal of the truck range over the past five years has left the company in a strong position at the heavy end of the market. The agreement with Freightliner signed this year opens the U.S. market to its medium range vehicles. To maintain the high profit return on its trucks, Volvo will have to keep up a high investment level on that side.

The reinforcement of the company's capital base through the Norwegian deal will enable it to maintain a higher investment level through the 1980s, Mr. Gyllenhammar claims. Comparing Volvo with its closest competitors, the Norwegian financial analysts found that even with a 50 per cent improvement over its 1977 earnings, the Swedish company would still have had a return on equity of only 6.9 per cent, compared with 11 per cent for Volkswagen, 15 per cent for Peugeot-Citroen, 16 per cent for BMW and 18 per cent for Daimler-Benz. In other key financial indicators — equity ratio, current ratio, interest coverage and capital turnover—Volvo was outpaced by its rivals, the analysts found.

The SKr 950m from Norway must also be seen in relation to Volvo's commitments under that deal. It has undertaken to create between 3,000 and 5,000 new jobs in Norway over the next five years. The five-year industrial plan written into the agreement is estimated to require product development spending of SKr 430m to SKr 605m. The cost of re-organisation, including the transfer of the Volvo Penta diesel engine operation to Norway, have been put at between SKr 300m and SKr 500m, of which up to half can be deducted from the product development investments. The five-year commitment nevertheless works out at between SKr 580m and SKr 855m.

Strengthening the capital base also has dividend implications which are spelt out in the prospectus. The new joint operating company will have to pay a dividend of between SKr 70m and SKr 80m to the Norwegian holding company to enable the latter to cover its shareholders' dividends and loan interest and achieve some measure of consolidation. The Swedish holding company would on a comparable basis receive between SKr 112.5m and SKr 120m next year. Volvo is thus committed to generating dividends of up to SKr 200m from next year compared with the SKr 106m paid last year. SKr 7m of it came from the aero-engine operation, which is excluded from the joint company. In other words the dividend payment has to be almost doubled.

Volvo Petroleum, the new subsidiary which will belong wholly to the Swedish holding company, is to get interests in some of the more promising Norwegian North Sea blocks due for allocation early next year. Chances of striking oil or gas are put at evens on the best of them, but for the next six to eight years Volvo Petroleum is expected to have a negative cash flow. Yet the introduction to oil prospecting and offshore activities must be counted as a positive part of the Norway deal for Volvo.

The company has a good technical record, despite disappointments with the 343 model. The Dutch car now seems to have had its initial faults corrected. The truck operation has been an outstanding success. What remains in doubt is Volvo's financial strength and its management ability, for the new commitments will above all make demands on management.

The management's recent record is rather varied. In addition to the Dutch venture, which has so far been only a drain on capital, there was the attempt to diversify into leisure products, which entailed smaller losses and from which Volvo is now withdrawing. On the negative side, too, there is the building of an assembly plant in Virginia, now operating as an import reception centre.

In the management's favour there is the vigour with which the truck operation has been developed and promoted, the fact that Volvo has come through the recession intact in spite of its reliance on export markets, and the profit recovery recorded this year. It must not be forgotten though, that the 1978 performance would not look so good without the subsidy from the Dutch state.

Staying power

Mr. Gyllenhammar sees the Norwegian deal as a switch from defence to attack. The capital injection will improve the company's staying power in the dog fight on the car market, while the new car development project in Norway (under the leadership of a Dutchman) will keep Volvo in the technological vanguard.

Others regard the Norway deal as an ingenious move by a powerful managing director to ensure his company's survival by involving further state interests at the same time as his own control is strengthened—one could add at the expense of the influence of the existing shareholders. The shareholders' reaction, as reflected in the fall in the Volvo price on the Stockholm bourse after the signing of the agreement, has been less than enthusiastic, but so much is involved from a Swedish national point of view that it is scarcely conceivable that a majority will be found to vote it down.

Politics Today will appear tomorrow

Letters to the Editor

Fingers in the pensions pie

From Mr. P. Dean, MP

Sir,—I think Lex is a bit unfair when he accuses pension funds of having their head in the sand (Dec. 11). These giants, far from being asleep, are very conscious of their strength and responsibility. It is no exaggeration to say that a great debate is now going on about the obligation of pension trustees to their members and to the national interest.

Much progress has been made in recent years in improving the practical arrangements regarding information to members, greater involvement by members and consequently better accountability. I agree with Lex, however, that not all schemes have yet responded to modern requirements regarding disclosure. It is for this reason that I have advocated before in your columns, and in the House of Commons, that the Government should invite the Occupational Pensions Board to draw up a code of good practice.

Pension schemes must not only be run well. They must be seen to be run well by their members and by the general public if they are to withstand political threats to their independence and freedom of action. The threat to impose member participation through 50 per cent trade union representation still exists and must continue to be resisted in the interests of members as a whole. A more dangerous threat, however, is gathering momentum. Envious Left-wing eyes are now turning their attention to control over the investment policy of pension funds. The argument can be made to sound reasonable enough. Of course, investors as large as the pension funds cannot divorce themselves from the national interest and still prosper. But we need to recognise the political mail-fist behind the argument. How much easier it would be to prop up lame ducks in marginal constituencies or to enable the National Enterprise Board to extend its tentacles if a regular supply of conscript pension fund money was available. So much less trouble for a Government than having to go to Parliament and argue its case for more taxpayers' money.

Once political considerations of this sort start entering into investment decisions, the security of pension scheme members is undermined.

Good practice on accountability and disclosure can be a powerful weapon for pension funds nipping in the bud a potential political threat.

Paul Dean.
House of Commons, SW1.

Informative accounts

From Mr. R. Nottage

Sir,—Mr. Ken Smith, chairman of the National Association of Pension Funds, says (Dec. 13) that his association encourages the "free availability" of full informative annual accounts to "the members and beneficiaries of pension funds who have a direct interest in them."

The beneficiaries of a pension fund are easily identifiable, but who in the association's reckoning are the members of a fund—apart from the prospective beneficiaries if they happen to contribute to it? Is the employer, who usually bears most of the cost of the fund, a member?

If so, does it follow that the company shareholder in the private sector and the ordinary citizen as proprietor of the local authorities and nationalised industries in the public sector have a membership status? And if they do, how much of the information to which the association believes they are entitled do they actually receive?

Raymond Nottage,
Reform Club,
Pall Mall, SW1

Subsidies on housing

From Mr. R. Jensen

Sir,—Your Editorial (December 4) refers to an annual £3bn-plus in housing aid excluding the unquantified subsidy extracted from private landlords. This prompted me to undertake an estimate of the latter which yielded a figure of £1.2bn as a result of which I would suggest that the total annual package of subsidies can, with reasonable assurance, be put at not less than £4bn, an unrealistically large slice of all tax revenue.

You cite these forms of housing assistance as having encouraged underoccupation, a comment with which I would not disagree but which only partially explains today's situation where, despite a quite adequate national housing stock, a great number of people are classified as homeless or find themselves condemned to quite inadequate housing. In my own locality I know of a (relatively) large number of eight-roomed houses with either one or two (owner) occupants only, these properties being owned outright and not subject to any restrictive clause against letting by a mortgagor and I suspect the national picture is not substantially different.

That penal body of legislation, the Rent (and related) Acts which permits, indeed inspires, the exploitation of the private landlord, may incontrovertibly be identified as the cause of the latter phenomenon and is, I would suggest, a no less important cause of under-occupation than that to which you refer. The suppression of the results of the review of the Rent Acts because, one assumes, it would not be politic to release the findings or to suggest sensible modifications, leaves little doubt in my mind that nothing will be done to improve the present unsatisfactory application of either our housing stock or housing subsidies.

R. Jensen,
11 Stanhope Gardens, N4.

Distribution of the assets

From Mr. K. Burton

Sir,—Mr. R Lancaster (December 8) raises an issue of public interest regarding the practice of the Inland Revenue in connection with approved retirement benefits schemes.

The Inland Revenue is rightly apprehensive about the possibility of the beneficiaries under such a scheme exercising their right collectively to require the distribution of the assets. Those who have contributed to such a scheme, employer and employees alike, will meanwhile have enjoyed relief from tax on their contributions, and the income and capital gains from the investments will also have been so relieved. On the assets being distributed, however, the Inland Revenue may be unable as the law stands to charge the beneficiaries to tax, as it would have been able to do had the assets been applied in the payment of pensions from the scheme. Paragraph 9 of Schedule 3 to the Finance Act, 1971 gives the Inland Revenue power to charge tax on an unauthorised payment only to the extent that an employee himself is the recipient of the payment.

In order to reduce the risk of loss of revenue in these circumstances, the Inland Revenue has resorted to the device of requiring the appointment of at least one person as trustee whose actions it thinks it can influence because, as a consultant in the pensions field, the person concerned needs to maintain good working relationships with the Inland Revenue.

Surely this is the wrong way to deal with this matter. A simple amendment to paragraph 9 of Schedule 3 could be introduced in a Finance Bill so as to make other potential recipients besides employees chargeable to tax in the circumstances envisaged. If this were not thought to be sufficient, the Inland Revenue could be given power to raise an assessment to income tax, possibly at a penal rate, on trustees who make a payment, not otherwise taxable, out of the assets of an approved retirement benefits scheme, if the payment is not in accordance with the rules of the scheme. Not only would this be the natural way to deal with the issue; it would also avoid the Inland Revenue making itself the instrument for the development of a body of "professional" trustees with interests of their own to prosecute and protect.

Kenneth J. Burton,
Mount Cottage,
Hawk's Hill,
Fetcham, Leatherhead, Surrey.

Institutional investors

From Mr. D. Clement

Sir,—When I was chairman of the investment committee of the National Coal Board's pension funds, I spent a great deal of time considering how, as substantial shareholders in nearly all the major British companies, we should exercise our responsibilities towards our contributors and pensioners for the performance of the investments we made on their behalf.

"It was quite impossible for us to "vote with our feet." In any case we could be reasonably sure if we were contemplating sale other institutions would also be doing so. If several institutions acted in the same way at much the same time the result could well be the collapse of the market for that company's shares. Thus our action would be self-defeating.

We therefore sought to foster co-ordinated action by the institutions in the belief that the right course of action, if dissatisfied with a company's performance, was for representatives of a substantial proportion of the shareholders of the like mind, to seek a meeting with the chairman and other directors of the company and to explain to them the reasons for concern. The steps we had in mind were that first the board would be invited to consider the representations and to agree to a further meeting in 3-6 months when they could explain the steps taken, or which they proposed to take to improve the situation. If however at the second meeting the institutions were dissatisfied with progress they might recommend that professional advice should be sought, if that had not been done and ask for a further meeting within a period of 3-4 months. If at that further meeting no progress had been made then extreme action would clearly be justified.

That a staged approach of this nature is desirable stems from my belief that (i) rarely indeed, would institutions have the knowledge of experience of the particular company and industry sufficient to indicate to the directors the steps necessary to improve their performance, and (ii) constructive criticism and continued pressure will, in most cases generate the action required; (iii) for effective management of a company it is usually necessary to have a sound knowledge and experience of the problems of the industry in which it operates and therefore the people engaged in that company are most likely to find solutions to these problems if pressed so to do.

I believe that if institutions could collaborate on these lines they would make a vital contribution to the improvement of performance which we all wish to see.

In 1975 I had the opportunity to examine closely the working of audit committees while visiting America. I was so convinced of their value that on my return I was able to persuade my colleagues to establish an audit committee within the NCB, which comprised the part-time members of the Board and the longer serving full-time members.

The Board's director-general of audit was accorded the right of direct access to the committee and reported to the audit committee his findings on all aspects of the Board's activities. He was accompanied by the Board's external auditors on the appropriate occasions. This gave the part-time members a deeper appreciation of the work of the Board and their staff than might otherwise have occurred and offered the opportunity to appraise the effectiveness of management.

One of the responsibilities of the American audit committees is the fixing of the remuneration of the executive directors. I think it would be of particular advantage in the case of the nationalised industries if their audit committees were authorised to approve the levels of remuneration of Board members and senior officials so as to remove this difficult matter from the political scene. The audit committee should also be accorded the right to report to the Minister in the Board's annual report on the other matters within their purview.

D. M. Clement,
19, The Highway,
Sutton, Surrey.

Where the money goes

From Barbara Hodges

Sir,—I would like to reply to George Lane's letter of December 5 regarding the low proportion of money exchanged on the Stock Exchange which is raised for new investment.

Individuals and institutions buy shares freely because they know they can resell them easily when they need or want to. Without that guarantee of liquidity, few would be willing to invest at all.

As new shares are created not by sharebuyers' demand, but by companies themselves, it is obvious that companies did not want to raise more money on the market. From such an enormous pool of funds, the Stock Exchange could easily have provided more funds to companies had this been desired (as it seems to have been the year before).

That the Stock Exchange can be regarded as a vast gambling fund is not unjustified. This does not imply a harmful effect on industry, however.

Barbara Hodges.
Flat 2, 98, Boundary Road, NW8.

Profit sharing schemes

From the Director, Industrial Participation Association

Sir,—The 1978 Finance Act provided tax relief for approved profit-sharing schemes with the bonus given in ordinary shares of the employing company. This was greatly welcomed, and put United Kingdom legislation in this area ahead of that in many other countries.

I have since been consulted by a large number of companies about the possibility of introducing such schemes, and it has become apparent that there are two conditions laid down in the Act that are a strong deterrent to many companies. The first relates to the lock-in period of five years before shares can be sold. If employees leave the company for any reason other than injury or disability, redundancy, normal retirement, or death, any shares already allocated to them must be held by the trustees of the scheme for the remainder of the five years. As many such ex-employees, who will for the most part be voluntary leavers, may not keep in touch with the company after they leave, this could lead to companies eventually having on their share registers a large number of untraceable small shareholders. An amendment to the Finance Act to provide that when an employee leaves the company other than in the prescribed circumstances, any remaining locked-in shares in his name should immediately be sold, but the proceeds be liable to full PAYE deduction, would remove this obstacle. The effect would be that in general employees leaving involuntarily would benefit from tax relief (as now), but those leaving voluntarily would not.

The second problem is the administrative burden of the scheme, caused to a considerable degree by the tapering tax liability on shares retained for between five and 10 years, which therefore still have to be held by trustees. It would be much more simple if after the initial lock-in period of five years the shares could be transferred into the hands of the employees themselves. This could be done if the shares were freed from all tax liability at this time, rather than after 10 years. It would involve only a marginal loss of revenue to the Exchequer, but it would make the scheme much more attractive to the companies that have to administer it, and to the employees who are its beneficiaries.

It is to be hoped that the Government will propose these two amendments in the 1979 Finance Act.

D. Wallace Bell.
78, Buckingham Gate, SW1.

The vanishing half bottle

From Mr. A. Scott

Sir,—I do not know whether it is the case with the rest of your readers, but I am finding it to be more difficult to find a decent half bottle of French wine in restaurants. Restaurateurs say they are hard to get.

A whole bottle is rather too much for one person, and often two people, especially ladies, like to share a half bottle.

If there are carafe wines, the tradition seems to be that they must be plonk. One well known restaurateur, on the other hand, chooses some interesting red, white and rosé wines (usually five) and offers them by the bottle or in carafe. He has a nice Gamay de l'Ardeche and, in the past, has had Sancerre, Côteau Champenois and many others. Naturally, he charges accordingly, but at least this gets over the problem of the vanishing half bottle and I personally would like the idea to spread.

Half bottles are available on the trains and at present there is some very nice Red Burgundy.

A. H. Scott.
102, Beeches Road,
Chelmsford, Essex.

Today's Events

GENERAL

Times Newspapers management and unions resume talks.

Half-day token stoppage by Boilermakers' Amalgamation members in shipbuilding industries against EEC plan for the industry.

Public hearings begin on constitution for proposed New York insurance exchange.

OFFICIAL STATISTICS

Retail prices index for November. Cyclical indicators for the UK economy.

PARLIAMENTARY BUSINESS

House of Commons: Short debates on various topics before House adjourns for Christmas recess.

COMPANY RESULTS

Final dividends: Carr's Milling Industries. Arthur Guinness Son and Company. Hardy and Hansons. Hunslet Holdings. United Scientific Holdings. **Interim dividends:** Bell and Sime. Caffyns. Greene King and Sons. Initial Services. Kennedy Smale. Norcros. Normand Electrical Holdings. **Interim figures:** British Benzol Carbonising. Polly Peck Holdings. Regalian Properties.

COMPANY MEETINGS

Anglo-Argentine Tramways, 3 St. Bride Street, EC, 12.30. C. H. Beazer, 2 Midland Bridge Road, Bath 12. Common Brothers, Barnborough House, Market Street, Newcastle upon Tyne, 10. Electronic Machine, Winchester House, 100 Old Broad Street, EC, 12. Hay and Robertson, St. Margaret's Works, Dunfermline, Fife, 2.30. J. Hepworth, Queens Hotel, Leeds, 11.15. Lowland Investments, 11 Austin Friars, EC, 2.30. C. H. Pearce, Parklands, Stoke Gifford, Bristol, 12.30. Talbex, Charing Cross Hotel, Strand, WC, 12. W. Ribbons, Elizabeth Suite, Barrington House, Gresham Street, EC, 12. Wolseley Hughes, Vines Lane, Droitwich, Worcs., 12.30.

Distillers ahead £11.4m to £88m halfway

RESULTING MAINLY from higher selling margins on increased sales to overseas markets, other than the U.S., pre-tax profits of Distillers Company rose £11.4m to £88m for the half year to September 30, 1978, on turnover of £444.4m against £400.8m. Profits for the whole of the previous year were a record £160m.

The directors state that the shortfall in shipments to the U.S. in the first six months has now been recovered and provided there is no serious disruption of activities, by industrial action either in the group's own plants or in service industries, they expect a moderate increase in the group's results for the year as a whole.

Scotch whisky export price increases, announced earlier this week, are likely to have a beneficial but not a major effect on profits prior to March 31, they say.

	Half year 1978	1977
	£m	£m
Turnover	444.4	400.8
Depreciation	4.2	4.6
Exchange debit	0.2	0.2
Trading profit	85.8	77.3
Invest. income	1.5	1.3
Exchange credit	0.5	0.7
Associates	3.0	2.3
Profits before tax	88.0	76.6
Tax*	30.0	23.2
Net profit	58.0	53.4
Minorities	0.1	0.1
Extraordinary debit†	2.8	—
Attributable	55.1	53.3

* If full provision made for deferred tax, charge would have been £45.4m (£40.2m). † Expenditure and commitments relating to settlement of thalidomide claim £4.4m less £1.6m tax.

The directors explain that the impact of annual price increases effective early in the calendar year is relatively greater in the first half of the ensuing financial year than in the second, because the selling margins tend to be eroded by increases in the cost of sales as the year progresses.

First half earnings are shown at 15.94p against 14.66p per 50p share and the interim dividend is raised to 3p (2.695p) net—last year's final payment was 4.5642p.

The directors say that as was to be expected, shipments of Scotch whisky to the U.S. were considerably below the high figures recorded in the comparable period last year ahead of the dock strike in that country, but the shortfall was largely offset by increases to other markets.

Exports of the company's brands of gin achieved a reasonable increase.

In the UK sales of both Scotch whisky and gin showed a marked improvement on the low levels experienced in the first six months of last year.

See Lex

HIGHLIGHTS

ICL has shown a 20 per cent gain in both sales and profits and since prices were barely changed this represents a sizeable volume gain and the current year has started on a similar note. DCL has increased its first half profits by 15 per cent but it has lost market share in many national markets in particular the UK which was badly affected by the decision to withdraw "Johnnie Walker." Bass *Charrington has recovered well in* the second half with profits 17 per cent higher after a rise of only 3 per cent in the first six months. Lex also explains the reasoning behind the wide difference between the Wereldhave bid price for **English Property** and the asset level which last shown at 91p. **Associated Engineering** is right in the middle range of its profits estimate made at the time of the Fluidrive acquisition but it looks as if volume has been static. **Redman Heenan** has had to make further provisions on the contracting side but overall the picture looks brighter this year. **Ferranti** is another company whose results *are a little disappointing* and there is little prospect of any improvement in the second half. In contrast **Vaux** has turned in some splendid figures and volume appears to be about 10 per cent higher.

Dividend table is on Page 25

ARTHUR LEE

Following a fall from £1.03m to £0.67m at halfway, **Arthur Lee** and Sons finished the year to September 30, 1978 with pre-tax profits *down from £2.86m to £1.89m. In* yesterday's report it was incorrectly implied that the group made a loss in the first six *months.*

Carroll second half recovery

A SECOND half recovery at **P. J. Carroll and Co.**, the Irish cigarette and tobacco manufacturer, left taxable profits unchanged at £4.8m for the year to September 30, 1978. At half-time profits were behind at £1.8m (£2.55m).

Following the change to end product tax on January 1, sales for the year, at £99m against £88.3m, have been restated excluding duty drawback of £5.86m on tobacco exports in the first quarter of the year, and £20.35m for the 1976/77 year.

The dividend payout is lifted to 7.0965p (6.00135p) net with a final of 4.9485p.

On a CCA basis, pre-tax profit is given as £3.99m (£3.19m) after *depreciation £118,000 (£429,000),* cost of sales adjustment £1.06m (£1.97m) and the gearing factor £365,000 (£780,000). Earnings are shown as 10.9p (6.7p) per share.

Bass revives in second half

AFTER *the slight rise from* £35.5m to £36.9m at midway, a strong revival by **Bass Charrington** in the second six months has *pushed pre-tax profits from* £90.4m to £105.5m in the year ended September 30, 1978.

Earnings per share are shown *at 28.4p against 22.4p, an increase* of 26.8 per cent. The final dividend is 4.3p making a total of 6.1p compared with 4.842506 previously.

The trading balance of £116.8m (£99.7m) is after depreciation of £25.2m (£20.6m), hire of plant and machinery, £6.2m (£5.5m) and a £9.5m (£3.6m) surplus on disposal of property and investments.

Funds employed at September 30 amounted to £702.8m against £658.8m. Net liquid funds increased £5.4m during the year.

	Year 1977-78	1976*-77
	£m	£m
Sales	1,014.4	904.5
Trading balance	116.8	99.7
Borrowing costs	11.3	9.3
Earnings before tax	105.5	90.4
†UK tax	25.3	27.1
Overseas tax	0.3	0.5
Net earnings	79.9	62.8
Minorities	0.6	0.2
Preference dividends	0.3	0.3
Earnings for Ordinary	79.0	62.3
Dividends	16.9	13.4
Retained	62.1	48.9

* Adjusted. † Including deferred tax £0.3m (£0.3m credit).

See Lex

On prospects they say that the second half has started well and they hope that the improvement will continue.

The net *interim dividend per* 25p share is stepped up from 0.99p to 1.1055p. Last year's total payment was 3.67p from profits *of £2.04m.*

UGI makes strong headway

FOR THE six months to October 1, 1978, **United Gas Industries** reports an increase in pre-tax profits from £0.77m to £1.01m.

The directors point out that the "considerable improvement" was achieved on only a 7 per cent *rise in turnover. They explain* that this is because last year's sales included those of the German subsidiary which was sold at the beginning of the current year.

26% rise for Fuller Smith

A 26 PER CENT increase in pre-tax profits—up from £587,981 to £741,890—was announced by Fuller, Smith and Turner, brewer and wine and spirit merchant in the six months to September 29, 1978. Mr. Lewis Turner, chairman, points out that in the 1977 half *year the company was seriously* affected by a five-week overtime ban.

Sales for the period were up *19 per cent from £7.22m to* £8.61m.

The company has embarked on the second stage of the *redevelopment of the Griffin* Brewery at Chiswick, aimed at increasing brewing capacity by 50 per cent.

The *consequent disruption*, plus the fact that production is at full stretch mean that it is unlikely the same rate of increase in *profits will be maintained for the* full year, says Major Turner.

The interim dividend is raised *from 1.5p net to 1.75p* and the directors intend to declare a further interim dividend in April and a final in August, 1979. Stated earnings per £1 share are 16.16p, against 12.82p.

Taxation takes £386,000 (£306,000), minorities £2,537 (nil) and preference dividends £8,400 (same), leaving £344,933, against £273,581.

ICL profits climbs over 24% to top £37m

FOR THE year ended September 30, 1978, turnover of ICL at £509.4m was 22 per cent higher than the previous year and profits before tax grew by nearly 24 per cent to £37.5m.

And given competitive levels of inflation, reasonable stability of *sterling and continued improve*ment in industrial relations, the directors expect another year in 1978-79 of continued growth in turnover and profit.

Earnings per share this year are shown at 79.42p against 54.24p and the final dividend is 5.43125p making a total of 8.29125p against 7.425p previously.

Mr. T. Hudson, the chairman, says ICL plans to grow internally at the sort of rates it was publishing for last year.

He stresses the group is not planning to diversify. "We intend to remain in the commercial data *processing business. I think* we would be wrong to diversify into other sorts of business. We have ample opportunity for growth."

Commenting on the year's results he says growth was very largely real as the impact of inflation on ICL's product line is very little.

	Year 1977-78	Year 1976-77
	£m	£m
Turnover	509.4	418.7
Trading profit	49.4	37.0
Net interest	11.9	6.7
Profit before tax	37.5	30.3
Taxation:		
UK tax	3.9	4.1
Overseas tax	6.8	7.6
Net profit	26.8	18.6
Minorities	0.3	0.5
Attributable	26.5	18.1
Dividends	2.8	2.5
Retained	23.7	15.6

The trading profit has been arrived at after including share of profits from U.K. leasing companies received by way of *dividends £4.9m (£5.2m)*; associated profits £0.6m (£0.2m); and after charging: depreciation on rental equipment £22.1m (£18.6m); and on other fixed assets £9.6m (£8m).

There is also provision for revaluation of data processing equipment on repurchase from leasing companies, £4.6m (£6.5m).

Orders taken were more than *one-third* up on the previous year. Order targets were substantially exceeded in value terms for most products, and about half the new *orders* came from the UK and half from overseas.

The factories exceeded their targets and achieved record output for the year.

Net worldwide cash balances of £23.2m at September 30 were more than double the level reached a year earlier. However, cash requirements fluctuated appreciably during the year and led to a substantial increase in interest charges.

Capital expenditure reached £68m, reflecting planned programme for growth.

Investment programme also included commitment to construction of two large factory units in Manchester. But own financing of rental equipment fell below *target for the year and it is hoped* to make up for the shortfall in 1979, the directors say.

See Lex

Ferranti 17% first half rise

WITH turnover ahead 23.2 per cent, Ferranti, electrical and electronic *engineer, reports* a 17.1 per cent increase in pre-tax profits from £2.75m to £3.22m for the six months to September 30, 1978.

On prospects the directors say that the second half has historically provided considerably more than half the group's profit for the full year. However, profit will continue to be affected by lower margins in Canada and, to some extent, by rising interest charges and significantly higher *wage and salary costs arising* from recent Fair Wages awards.

They add that the group has healthy order books in most of *the major product areas except* transformers and it is therefore expected that turnover for the full year will substantially exceed that achieved last year, when sales totalled £156.86m and profits £9.12m.

First-half earnings per 50p share are stated at 13.85p (10.64p) and the *company is entering the* interim dividend list with a payment of 1.917p net, costing £409,000. As stated at the time of the Stock Exchange introduction, the directors intend to recommend a total 5.75p for the *full year. Last year's single pay*ment was equivalent to 2.211p.

The directors report that the first half trading experience in the UK has been satisfactory. Although Ferranti Engineering has continued to suffer from a low level of activity in the transformer business, the level of orders for van carriers is encouraging and this will improve profitability in the second half of the year. *Overseas, difficult trading conditions are being ex*perienced in Canada but in the U.S., Interdesign, the *Californian-based subsidiary* which manufactures integrated circuits, has made a good contribution to profits.

Ferranti Measurements, the joint venture with Siemens, was established in November 1978 to take over the assets of the Meter Department.

● comment

Ferranti's first results since September's listing may well *disappoint those who greeted the* company's return with such excited optimism. With the *indication that second half growth is* unlikely to outstrip that of the first six months some of the more hopeful forecasts will need to be scaled down. The shares, which have been consistently volatile, fell 30p to 355p yesterday and profits for the year could now turn out at around £10.5m to £11m. The *trading pattern*, meanwhile, appears to be little changed with Scottish Group and *Computer Systems still leading the* way. After last year's excellent results from Canada, the market for transformers has become more difficult but start up problems in North America have now been sorted out. Clearly there are some excellent long term growth areas in the company—notably Ferranti's defence systems, electronic components and semiconductors. The shares, nevertheless, are on a fully taxed prospective p/e of over 14, which *admittedly drops to 7.5 taking a* line through the first half tax charge. The prospective yield, however, is only 2.4, and rumours *of a rights issue persist.*

ECI backing for Hawkins & Tipson

ALTHOUGH PROFITS in the year ended August 31, 1978, from Hawkins and Tipson *fell* by £124,000 to £1,101,000, the directors feel justified in paying the maximum permitted dividend. Therefore, a final of 3.458p lifts the total from 3.993p to 4.458p net.

The expect the company to resume its growth in the current year, and to assist this they have entered into arrangements to inject some £1.95m into the company.

Equity Capital for Industry has agreed, subject to shareholders' consent, to underwrite a rights issue, to subscribe for shares for cash, and to provide an unsecured convertible loan. This will enable the company to reduce bank borrowings, generate internal growth and to make further purchases *suitable for the expansion of* activities.

The company is still dependent on the shipping industry for the *sale of large ropes, but has moved* steadily into the leisure industry. Prospects in the latetr remain good but activities have not been helped by the last two summers. bstantial non-recurring expenses This year also saw the last of the substantial non-recurring expenses incurred in relocating and reorganising the businesses acquired over the last three years.

The financing package will comprise: a 1-for-8 rights issue to holders registered January 12 at *60p per share, raising* £520,763 gross; the issue to ECI of 867,037 new shares at 67p bringing in £581,318—this subscription will represent 10 per cent of the enlarged capital as increased by the rights issue; and the provision by ECI of an £850,00 loan.

The loan will run for 15 years and bear interest of ¾ per cent above the six-month London inter-bank rate. It will be convertible into ordinary shares during 1980 to 1989 at rates varying on the year of conversion. If the full loan was converted at the minimum rate then the resultant new ordinary shares, *would represent* 11.3 per cent of the enlarged capital whereas if the maximum rate was applied the *corresponding figure* would be 10.5 per cent.

Full details will be sent out in early January.

In the 1977-78 year, sales rose *from £17.65m to £19.08m.* After tax of £100,000 (£132,000) the net profit came out at £1,001,000 (£1,003,000), of which the dividend absorbs £310,000 (£277,000). Earnings are shown at 14.42p (15.74p) per share.

No provision is made for U.K. tax deferred by allowances for plant and machinery, or for increases in stock and work where it is considered that the reduction in liability will continue for the foreseeable future.

Barnett Christie assets frozen

The assets of a small fringe bank, Barnett Christie, have been frozen pending a full winding up hearing called for by the Department of Trade.

Earlier this week the *DoT* petitioned the High Court to wind up the company under Section 35 of the Companies Act 1967 and *Section 16 of the Depositors Act.* The Department claimed that it was expedient in the public interest that the company be wound up.

The Court appointed the Official Receiver as a provisional liquidator pending a full winding up petition the date of which has not yet been set.

Barnett Christie is banker to Oceana Holding, the linen hire and property dealing company formerly called Barnett Christie Securities. The chairman of Oceana, in which Advance Laundries has a 10 per cent stake, is Mr. F. H. Christie, who also jointly controls the troubled bank with Mr. F. L. Barnett.

Redman Heenan second half upturn

SLACK trading conditions at the start of the year at Redman Heenan International were more than offset by an upturn of business as the year progressed. With activity gathering momentum in the second half an interim decline was reversed to leave pre-tax profits ahead from £2.53m to £2.81m for the year to September 30, 1978.

When reporting a first half profit fall from £1.07m to £0.9m the directors said that they expected full year figures to show an improvement on the previous 12 months. And they now say that the outcome of the current year should again show a useful advance on the results now reported.

Tax for the year under review increased resulting in lower stated earnings of 14p (16.1p) per 10p share. The net final dividend is 1.018p, raising the total payment from 1.815p to 2.027p.

	1977-78 £'000	1976-77 £'000
Turnover	34,270	31,110
Trading profit	2,885	2,645
Interest	73	113
Profit before tax	2,812	2,532
Tax	709	116
Profit after tax	2,103	2,416
Extraordinary credits	83	*32
Attributable	2,186	2,384
Preference dividends	12	12
Ordinary dividends	302	270
Retained	1,872	2,102

* Debits.

In announcing the results, the directors state that £1.1m of new investment was made during the year and a further sum of £627,000 was committed for completion early in the new year. This programme principally involved the installation of a number of sophisticated machine tools and other plant modernisation measures, but extension to capacity also took place.

The year end order book of the company, which operates as a specialised engineer, stood some 30 per cent higher at over £25m.

● comment

Redman Heenan's results were perhaps a little disappointing but the company has had to cope with further losses and provisions, believed to be at least £200,000, from the contracting companies. This was due to continuing difficulties in the completion of contracts which should be laregly sorted out in the current year. Another small loss is likely, however, from this side and Heenan Environmental Systems will subsequently become a less important part of the overall group. Redman Heenan has a diverse product range and *after a sluggish start to the year* things elsewhere appear to have gone well. The biggest company is Froude Engineering and demand for its dynamometers seems to have been good. Orders at the smaller subsidiaries, meanwhile, have been better than expected and overall group orders were 30 per cent ahead at the year end. This bodes well for the current period and further improvement should result from the elimination of previous losses. Moreover, the dividend is covered seven times and gearing is now virtually nil. At 57p the shares are on a p/e of just under four and the historic yield is 5.4 per cent.

Substantial growth for MEPC—paying 3.83p

IN THE year ended September 30, 1978, MEPC has shown substantial growth on all fronts. Earnings available for the ordinary have more than doubled from £2.24m to £5.65m, giving 5.3p, against 2.1p, per share, or this year 4.7p fully diluted. The dividend is being raised from 1.7p to 3.8285p net, with a final of 2.3285p.

At the year-end, net assets per share had advanced from 182p to 215p, or from 168p to 193p fully diluted. A revaluation of investment properties has thrown up a surplus of £35m, of which £2.48m is attributable to minorities.

Sir Gerald Thorley, chairman, says the results reflect the benefit of increased income from rental reversions, a reduction in vacant premises and the development of previously unproductive sites. And he believes that the quality of the portfolio and the group's other skills enables him to look ahead *to continued growth in profits.*

This year's dividend represents the maximum permitted and will absorb £4.1m of the available profit. Sir Gerald says the directors would like to have paid more, but the company was obliged to reduce its dividends during the recession and, *following recovery,* is not allowed to revert to a level of payment in excess of that distributed in the previous two years. *Unsuccessful representation has been* made to the Treasury over this restriction.

The chairman says the proceeds of the Canadian sale amounted to £27m and have been used partly in repaying overseas debts and partly held for further investment overseas.

The group's loan capital has been reduced during the year from £316m to £294m, which now represents some 55 per cent of fixed assets at their book values. Sir Gerald looks for further improvement in the borrowing ratio over the next year or two when it is anticipated that most of the 5 per cent unsecured loan stock will be converted into ordinary shares. The balance sheet shows cash and short term deposits of £24.5m, of which £6.6m is in sterling.

	1977-78 £'000	1976-77 £'000
Gross rents	44,148	55,386
Other income	6,078	5,944
Prop. outgoings, etc.	18,440	24,339
Cost of finance	24,178	33,733
Development props.	*3,668	5,714
Earnings before tax	10,276	8,972
Taxation	4,326	4,847
Minority	233	638
Preference dividend	68	68
Overseas depreciation	—	1,183
Attributable Ordinary	5,649	2,236
Ordinary dividend	4,104	1,816
Extraordinary credits	2,122	†5,667
Property reval. surplus	35,609	†28,409
Exchange loss etc.	2,797	12,170
Year-end reserves	204,065	167,586

* Interest and other outgoings. † Debits.

The provision against uncompleted developments and sites by *reference to their valuation at* completion has been reduced by £3.5m to £34.75m. While the directors are confident that there has been an uplift in their value since last year, they intend that this general provision against developments will stand in the balance sheet until the current programme is nearer to completion.

In the UK the investment portfolio comprises 76 per cent by value of the income producing properties of the group.

Annual meeting, The Dorchester, W, January 1, 24 at noon.

The tax charge on profits has been reduced from 54 per cent to 42 per cent through the utilisation of losses incurred overseas in previous years, and the effect of these should keep down the charge for several years to come. The comparative figures for 1977 included the results of the Canadian subsidiary which was sold in that year.

● comment

The directors' valuation pushes MEPC's fully diluted net assets up to 193p per share and means that loan capital now represents 55 per cent of fixed assets at balance sheet values. The gearing ratio is likely to fall further, for although there are unlikely to be any further big property sales to help finance annual spending of £20m or £30m on properties, the bulk of the £40m loan stock is likely to be converted into equity in the next year or two.

On the revenue account, MEPC hopes that last year's £2½m gain from reversions will at least be matched in future years, and the outlook for some of its problem developments is apparently improving. The dividend yield is 7.8 per cent at 151p and would have been about half a point higher if MEPC had been permitted to pay the extra ½p or so that would have been forthcoming in the absence of dividend controls.

Marley goes ahead to £18.6m

AFTER A strong second half Marley, the building trade products group, lifted pre-tax profits from £15.36m to £18.62m in the year to October 31, 1978, on sales ahead from £218.67m to £250.93m.

	1977-78 £000	1976-77 £000
Sales	250,931	218,667
UK	162,583	133,538
Overseas	88,348	85,129
Trading profit	20,775	17,908
Interest payable	*3,522*	*3,015*
Associated companies	1,363	466
Pre-tax profit	18,616	15,359
Tax	†5,13	2.63
Profit after tax	13,490	12,727
Minorities	832	686
Attributable	12,658	12,041
Dividends	2,769	2,471
Retained	9,889	9,570

† UK tax reduced by £1.7m for stock appreciation relief and by £1.8m for excess of capital allowances over depreciation.

In the second half the group made pre-tax profits of £11.06m, against a previous £8.6m.

The final dividend of 1.78098p net (1.49043p) raises the total to 2.78098p per 25p share against 2.49043p. Stated earnings per share are up from 12p to 12.7p.

The 6½ per cent debenture stock 1977-79 outstanding on January 31 will be paid on that day at par with accrued interest.

● comment

Marley's first-half profits rise of just over a tenth has been followed by a second half jump of 29 per cent, which is just what the market expected. At home, sales volume over the year improved by around 13 per cent while France made a dramatic recovery, thanks to improving demand for concrete roof tiles. The UK upturn has also been helped by the big increase in DIY activity and house renovations—a factor which Marley has capitalised on by opening new shops and depots. Overseas, Canada and South Africa maintained their positions but their contributions were lower on conversion because of unfavourable currency movements. Elsewhere, the plastic extrusion business (one-sixth of profits) has been hit by severe competition although the market for plastic sheeting and floor coverings is said to be improving. Meanwhile, Marley sees the DIY business as its biggest growth area over the next few years and there are plans to bring on stream 120,000 sq ft of additional selling space next year. Overall, prospects look most favourable given no economic slump. The shares, at 73p, are on a p/e of 5.6 while the yield is 5.8 per cent.

Stenhouse second-half pick-up

AFTER BEING down from £4.35m to £4.02m at midway, Stenhouse Holdings improved pre-tax profits from £10.02m to £10.3m in the year ended September 30, 1978.

Earnings per 25p share are shown at 13.57p against 13.03p and the final dividend is 2.7p making a total of 4.52p against 4.05p previously.

In insurance broking, commission and fees earned amounted to £72.5m against £72.09m while operating expenses were £60.33m (£59.02m). Interest and rental income net of interest payable amounted to £3.38m against £3.18m. The proportion attributable to Stenhouse Holdings—54.08 per cent (54.24 per cent) was £8.24m compared with £8.59m.

Industrial income rose from £2.03m to £2.44m while associates' profits—Noble Grossart—were £182,000 (nil).

Tax takes £5.15m (£5.07m) and there are also extraordinary debits of £219,000 (£444,000). An amount of £3.22m (£2.97m) is retained.

Stenhouse's unexciting results—profits up 3 per cent for the full year—are more or less what the market was expecting. Insurance broking activities were perhaps a little disappointing because of a softer market in Australia, Canada and the U.S. during the fourth quarter, but this was offset by better-than-expected industrial profits. Here, the company is doing better on the DIY side and with its hosiery operations. But the industrial subsidiary has in the past been a drag on the profit record and the company must be tempted to float it off, although long term this may not be such a benefit. Already, the industrial company has been renamed and external directors have been appointed to the board. At 102p, the shares are on a p/e of 7.3 while the yield is 5.3 per cent, against 9.4 and 5.3 per cent respectively for the insurance broking sector.

Phoenix Timber in profit

INCLUDING losses of £149,000 on discontinued businesses, pre-tax profit of Phoenix Timber came out at £45,00 for the half year to September 30, 1978 against £520,000 last time. Sales were up from £17.62m to £18.52m.

The directors say that better sales and profits from the main importing divisions have produced a substantial improvement in results from the second half loss of £409,000 in the 1977/78 year, in which profits slumped from £2.35m to £111,000.

Progress has been made in implementing the company's diversification policy and the directors anticipate some further improvement in overall results for the full year.

The directors have decided to maintain the interim dividend payment at 2p net per 25p share pending consideration of the year's results—last year's final was 2.29759p.

Earnings per share are shown as 0.1p at the interim stage compared with 8.6p last time.

Pre-tax figure was struck after finance charges £541,000 (£546,000) and the losses on discontinued actiivties, and was subject to a tax charge of £23,000 against £270,000.

There was an extraordinary credit of £32,000 for the period (£28,000 debit) and minorities took £17,000 (nil). The attributable profit came out at £37,000 (£222,000).

Phoenix is a timber and sheet materials importer, merchant and processor.

Haslemere 44% up at midway

ANOTHER record year is forecast by Mr. F. E. Cleary, chairman of Haslemere Estates which at the halfway stage to September 30 1978 lifted pre-tax profits 44 per cent from £1.27m to £1.82m on net rental revenue ahead from £4.05m to £4.45m.

Last year the group turned in record pre-tax profits of £2.83m on net rental revenue of £8.36m. For the full year to March 1979 Mr. Clearly anticipates the revenue exceeding £9m.

He adds that if high interest rates continue the interest charge will go up in the second half and pre-tax profits will be lower than at midway. An interest charge of £2.63m (£2.52m) was made in the first half.

Nevertheless with the 44 per cent profit rise at the halfway stage the company anticipates pre-tax profits for the whole year will be considerably above the 1978 figures.

Mr. Cleary adds that the trading profit for the second half will exceed the £480,000 (£360,000) made in the first half, reflecting the sale of the company's only overseas property, a development in Munich, since September 1978. There will also be a substantial credit to extraordinary items representing a recovery of past provisions relating to the Munich property.

Development outgoings at midway were down from £275,000 to £80,000.

The interim dividend is raised from 1p net to 1.1p per 10p share. Last year's final was 2.3p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Mitchell Somers 2nd int.	0.15	Jan. 30	1.57	1.75	1.57
Redman Heenan	1.02	—	1	2.03	1.82
Haslemere int.	1.1	Feb. 8	1	—	3.3
Stenhouse	2.7	Apr. 12	2.4	4.52	4.05
Hawkins & Tipson	3.46	—	2.99	4.46	3.99
Bass Charrington	4.3	—	3.21	6.1	4.84
ICL	5.48	Feb. 13	4.83	8.29	7.43
Associated Eng.	3.82	Feb. 19	3.42	5.24	4.69
Wilkinson Match int.	4.22	Apr. 2	3.78	—	10
Ferranti int.	1.92	Feb. 9	—	§	2.21
Distillers int.	3	Feb. 23	2.7	—	7.26
Marley	1.78	Mar. 8	1.49	2.78	2.49
Braham Millar int.	0.6	Feb. 16	0.55*	—	1.47*
MEPC	2.33	Jan. 25	1.7	3.83	1.7
P. J. Carroll	4.95	Feb. 14	4.27	7.1	6.06
Greenall Whitley	1.59	Feb. 17	1.41	2.93	2.62
Greenall Whitley "A"	0.32	Feb. 17	0.28	0.59	0.52
Dom int.	1.79	Feb. 9	1.61	—	4.64
Nottingham Brick	8.05	Feb. 28	7.7	12.9	11.6
Burco Dean	2.48	Feb. 20	2.22	4.15	3.72
UGI int.	1.11	Jan. 18	0.99	—	3.67
Phoenix Timber int.	2	Feb. 9	2	—	4.3
Crystalate	0.74	—	0.66	0.74	0.66
E. Elliott int.	1	Feb. 12	0.65	—	2.15
S. W. Wood int.	1.89	Feb. 15	1.51	—	4.29
Woodrow Wyatt int.	1	—	nil	—	0.1

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 17 months. § 5.75p forecast. ¶ To reduce disparity.

FOOD PRICE MOVEMENTS

	December 14 £	Week ago £	Month ago £
BACON			
Danish A.1. per ton	1,140	1,140	1,140
British A.1. per ton	1,110	1,110	1,110
Irish Special per ton	1,110	1,110	1,110
Ulster A.1. per ton‡	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	12.61/12.74	12.61/12.74	12.61/12.74
English per cwt†	77.30/81.11	76.00/81.11	79.14
Danish salted per cwt†	80.98/83.72	80.90/83.49	80.98/83.72
CHEESE¶			
NZ per tonne	1,225	1,225	1,200
English cheddar trade per tonne	—	—	1,345
EGGS*			
Home produced:			
Size 4	3.20/3.40	3.20/3.50	2.80/3.10
Size 2	4.20/4.40	4.20/4.40	3.30/3.70
	December 14 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	55.0/59.0	54.0/58.0	54.0/58.5
Eire forequarters	34.0/37.0	36.0/38.0	36.0/38.0
LAMB			
English	48.0/52.0	50.0/54.0	50.0/54.0
NZ PLs/PMs	—	—	—
PORK (all weights)	35.0/46.0	35.0/46.0	37.0/46.0
POULTRY—Broiler chickens	35.0/38.0	35.0/36.0	35.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery December 16-23.

Acquisition lifts Wilkinson to £9.27m at midway

BOOSTED BY a first time contribution from True Temper Corporation, taxable profits of Wilkinson Match were up by over £2m from £7.22m to £9.27m for the half year ended September 30, 1978. Turnover rose from £93.67m to £132.2m.

The directors state that the activities of the group are now favourably influenced by seasonal factors in the second half of the year, and that accordingly they look forward to it with confidence. Pre-tax profits for the whole of the 1976/77 year were a record £14.3m.

True Temper, the U.S. garden tools and hardware manufacturer, was acquired from Allegheny Ludlum Industries in April; Allegheny has a 44.43 per cent stake in Wilkinson.

Basic first half earnings are shown as 12.85p (11.73p) per £1 share and 11.93p (10.78p) fully diluted. The interim dividend payment is increased from 3.78177p to 4.82297p net—last year's final was 6.21823p.

	Half-year 1978 £000	1977 £000
Turnover	132,153	93,673
Consumer products—		
Matches, lighters	38,701	35,685
Personal prods.	21,556	22,680
Hardware, h'sewares	41,119	3,605
Writing instruments	6,836	7,992
Safety, protection	12,585	12,387
Packaging	10,758	10,206
Other	998	1,124
Operating profits	11,756	8,994
Consumer products—		
Matches, lighters	6,803	4,901
Personal prods loss	565	†1,111
Hardware, h'sewares	2,919	148
Writing inst. loss	312	108
Safety protection	1,988	2,019
Packaging	811	807
Other	112	116
Interest	2,490	1,771
Profit before tax	9,266	7,223
UK tax	1,410	1,076
Overseas tax	3,408	2,631
Net profit	4,448	3,516
Minority interest	742	859
Attributable	3,706	2,657

† Profit.

The directors state that the inclusion of the results of True Temper has produced a substantial increase in the turnover and profits in the hardware and housewares sector. Garden tools in the UK and North Amehica are having a good year.

The contribution to profits from matches has increased significantly, due mainly to improved productivity, particularly overseas.

As expecter, personal products had another difficult half year with margins under severe pressure, due to increased competitive activity in shaing and investments in new product areas. This category will continue under pressure for the immediate future, they add.

The directors continue to feel confident that the safety and protection division will make an increasingly important contribution to the group.

● comment

Stripping out True Temper — as a rough estimate, because the company does not give a breakdown — it looks as though there has been very little growth in Wilkinson Match overall in the first half. The matches and lighters side continues to generate cash in a very satisfactory way, but the confirmation of losses in the personal products division (razor blades and sunglasses) is depressing, particularly as the company is not expecting any real recovery in razor blade margins for a couple of years yet. The safety and protection division has done well to match the high profit level of the previous year, and should be getting a boost from the acquisition — in partnershsip with Allegheny Ludlum — of the California firm HTL, but the Scripto business, now being reorganised, still looks very sad. Throwing in the imponderable of how True Temper will perform if U.S. consumer spending falls, the total picture is peculiarly mixed. Wilkinson hints at a better second half, as True Temper is thought likely to increase the group's slight second-half profit bias, but the main attraction of the shares at 183p is the 9.2 per cent yield.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bell and Sime, Caffyns, Gresham Investment Trust, Greene King, Initial Services, Investment Co., Kennedy Smale, London and Liverpool Trust, Norcros, Normand Electrical, Sutcliffe Speakman.

Finals:— Carr's Milling, First Union General Investment Trust, Arthur Guinness, Hardys and Hansons, Hunslet (Holdings), United Scientific.

FUTURE DATES

Interims:—

County and Dist. Properties	Dec. 19
Diamond Stylus	Dec. 19
Edbro	Dec. 20
Monk (A)	Dec. 18
Paterson (R)	Dec. 21
Symonds Engineering	Jan. 11

Finals:—

BOC *International*	Dec. 20
Pleasurama	Jan. 11
Porvair	Dec. 19
Reliant Motor	Dec. 28
Sotheby Parke Bernet	Dec 18
Vectis Stone	Dec. 28

Mitchell Somers down so far

PRE-TAX profits of Mitchell Somers, engineer and forgemaster, fell from £1.26m to £925,000 for the half-year to September 30, 1978, on turnover of £12.15m against £9.67m. For the previous year the company achieved record profits of £2.73m.

The dividend total is increased from a single payment, last time, of 1.57p to 1.75p with a second interim of 0.15p net per 10p share.

After tax of £480,000 (£655,000) net profit was £445,000 (£605,000) of which dividends will absorb £275,000 (£247,000).

Vaux advances 31% to £7.5m

AFTER A rise from £1.86m to £2.39m at 24 weeks, taxable surplus of Vaux Breweries expanded 31 per cent to £7.52m for the year to September 30, 1978, compared with an annualised £5.74m, in the previous 17 months period, profits totalled £8.24m.

Excluding a £396,000 allowance to be paid to the trustees of the group's employee share scheme and the introduction of a depreciation charge for industrial buildings, the increase was 39 per cent.

Turnover increased from an annualised £67.75m to £76.95m and Mr. Paul Nicholson, the chairman, says the group's beer sales in England rose 10 per cent and better sales were maintained through a summer of poor weather. Its English and Scottish pubs did better, but beer sales in Scotland were a little disappointing.

The group's Belgian brewery, after a poor first half, traded better in recent months and the group increased sales of its strong ale to France and started to export to Germany.

The decision to expand the group's hotel company is proving sound, Mr. Nicholson states. During the year, an extra 414 rooms were built or acquired by Swallow Hotels and with total guests up 19 per cent, a 73 per cent profits increase was achieved.

Wine sales were up 20 per cent and Spirits by 9 per cent, partly from Swallow Hotels and the group's Blayney off-licence chain, and also from more aggressive marketing through the free trade and pubs.

Stated earnings advanced from 12.2p to 19.4p per 25p share and a final dividend of 3.54p makes a total net payment of 5.025p (5.60225p f or 17 months)—an effective annualised increase of 23 per cent, and covered 3.6 times.

Tax of £2.07m (£2.25m) has been much reduced following the adoption of the latest accounting standard and by the high levels of capital expenditure the group has made and are planning.

The chairman says that a year ago, the group foresaw spending some £45m over the next five years, but this has now been revised to some £55m.

During the year the group completed major improvements to 25 pubs; acquired a new depot in Glasgow; completed its new lagering plant in Sunderland; and finalised a major extension of 120 bedrooms at the Royal Scot, Edinburgh.

The group also bought two hotels, the King's Head, Darlington, and the Fixe Bridges, Gateshead, both of which traded ahead of target.

● comment

The labour troubles which hit Scottish and Newcastle a year ago have proved good news for Vaux. The company was able to pick up market share in the free trade and overall beer volume is up some 10 per cent against a 2 per cent increase in production for the industry as a whole. The problem for Vaux now is to hold on to its increased market share. In Scotland, where the brewery only has about 3 or 4 per cent of the market it has already lost the ground captured from S and N but in the North East, where Vaux claims to have 14 per cent of the market, it has held its increased market. Vaux had a price rise last February—1p on a pint in England and 2p in Scotland—but it claims that prices are still below S and N. The brewers will probably go for another price rise in the new year but if Vaux can hold its competitive position there is little reason to suppose it will lose ground. So the outlook for the brewing side appears bright and the hotel operation is coming good with occupancy levels up by 13 per cent to 70 per cent. The group's hefty capital expenditure programme—£55m over the next five years—has given rise to speculation of a rights issue, but on trading grounds the shares look reasonable value as profits this year might rise to £9m. At 132p the shares yield 5.8 per cent and the p/e is 6.6.

Greenall Whitley ahead to over £11.5m half way

INCREASED TURNOVER of £130.63m against £107m and pre-tax profits ahead 13.4 per cent to £11.54m are reported by Greenall Whitley and Co., Warrington-based brewer and distiller for the 52 weeks ended September 29, 1978.

The directors consider the result very satisfactory and say current trade remains at an encouraging level.

One quarter's trading of James Shipstone and Sons, acquired during the year, has been included in the 1977-78 results.

Earnings per ordinary share are shown at 16.87p (16.21p) and 3.37p against 3.24p per "A" ordinary. The final dividend is 1.5972p making a total of 2.9281p compared with 2.6222p previously.

The final on the "A" shares is 0.3195p making 0.5856p (0.5244p).

	52 wks. 1977-78 £000	53 wks. 1976-77 £000
Turnover	130,634	107,008
Trading profit	18,777	15,881
Repairs to properties	3,529	3,287
Depreciation	2,288	1,630
Interest payable	1,634	1,028
Investment income	214	245
Profit before tax	11,540	10,181
Tax	2,835	2,327
Net profit	8,705	7,854
Pref. dividend	217	—
Ordinary dividend	1,529	1,270

Dom up 32% in first half

A 31.76 per cent advance in pre-tax profits from £406,171 to £535,155 is reported by Dom Holdings, the fixing products group, for the half year ended Sepetmber 30, 1978. For the previous full year, a record £1.02m surplus was achieved.

Half-yearly turnover rose 31.79 per cent to £5.78m, which after allowing for increased prices, reflects real growth in sales volume, Mr. D. O. McIntyre, the chairman, points out.

Investment in automated machinery and tooling is continuing steadily in order to ensure that the group is well equipped to meet its expansion sales programme in the UK, Europe and other export markets.

In the current six months, trading activity is progressing satisfactorily, he adds.

From stated earnings of 3.55p (2.72p) per 10p share, the interim dividend is lifted from 1.605186p to 1.792451p net—the chairman has waived 99.9 per cent of his entitlement in respect of 4.64m shares, amounting to £83,156 (£74,468). Last year's final payment was 3.039036p.

Retained earnings for the period emerged ahead from £157,964 to £215,229, after tax of £268,648 (£202,286) and dividends, £51,278 (£45,921).

Burco Dean advances to £1.6m

FOLLOWING HIGHER midway profits of £0.72m against £0.51m, Burco Dean boosted pre-tax surplus from £1.1m to a record £1.63m for the full year ended September 30, 1978, on turnover up £3.49m to £27.8m.

The directors say the improvement results from increased market share, particularly in kitchen furniture, an improved range of products and continuing success in management control.

Given no better than a maintenance of present conditions in the retail market, they expect continued progress.

In 1977-78, profits from domestic appliances and kitchen equipment rose from £1.12m to £1.77m on sales of £24.7m (£21.43m), but the contribution from general engineering and sub-contract work was halved at £0.18m (£0.36m) on £3.1m (£2.89m) turnover.

After tax of £858,000 (£447,000) and an extraordinary debit of £51,000 this time, representing the terminal loss on the closure of a subsidiary, net profits improved from £655,000 to £718,000.

Earnings per 25p share were higher at 12.06p (10.26p) before extraordinary items, and at 11.24p after. The dividend total is stepped up from 3.71835p to 4.1521p net, with a final of 2.4771p.

CAI sees £5.25m in first half

At the annual meeting of Cope Allman International, the packaging, engineering, fashion and leisure group, Mr. L. J. Manson, chairman, stated that profit before tax for the first half of the current year should be more than 40 per cent higher than the comparable period for the previous year, at around £5.25m.

While every division had performed better to date than in the corresponding period last year, Mr. Manson also felt confident that profits in the second half should exceed these forecast for the first half-year.

The group was continuing its investment programme in new product development, plant and factory modernisation which would be substantially financed from internal cash flows. Cope Allman had now completed the major realignment of its debt portfolio, converting short-term debt into medium- and longer-term loans.

Mr. Manson also announced an offer to purchase small holdings of up to £1,000 of its unsecured loan stock, 1971-90 at £85 per £100 nominal value.

The purpose of the offer was to give small stockholders an opportunity to dispose of their holdings on favourable terms and also to reduce servicing costs.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY			Pence except where £ stated (see note d)			
151.8	Alliance Trust	Ordinary 25p	30/11/78	7.1	282.4	291.0	23.8
86.7	Anglo American Securities Corp.	Ordinary 25p	30/11/78	3.0	129.4	136.3	12.9
127.1	British Investment Trust	Ordinary 25p	30/11/78	4.85	191.2	194.5	18.6
27.1	Capital and National Trust	Ord. & 'B' Ord. 25p	30/11/78	*4.6	171.8	174.5	14.9
11.0	Claverhouse Investment Trust	Ordinary 50p	30/11/78	3.8	109.5	109.5	0.2
11.3	Crossfriars Trust	Ordinary 25p	30/11/78	3.7	113.4	113.4	—
16.3	*Dundee & London Investment Trust*	Ordinary 25p	30/11/78	2.6	88.0	89.6	5.0
90.9	Edinburgh Investment Trust	£1 Deferred	30/11/78	6.75	281.4	296.7	16.5
44.5	First Scottish American Trust	Ordinary 25p	30/11/78	2.85	122.8	124.8	12.9
12.0	Grange Trust	Ord. Stock 25p	30/11/78	2.1	104.5	108.9	4.9
70.0	Great Northern Investment Trust	Ordinary 25p	30/11/78	3.87	136.6	139.3	8.4
64.9	Guardian Investment Trust	Ordinary 25p	30/11/78	2.9	109.4	114.1	7.2
33.3	Hume Holdings Ltd.	'A' & 'B' Ord. 25p	30/11/78	*6.875	x93.1	x96.6	2.1
†	Investors Capital Trust	Ordinary 25p	30/11/78	†	†	†	†
23.4	Jardine Japan Investment Trust	Ordinary 25p	30/11/78	0.85	202.8	202.8	42.5
36.3	London & Holyrood Trust	Ordinary 25p	30/11/78	3.6	157.1	160.9	15.1
25.5	London & Montrose Investment Tst.	Ordinary 25p	30/11/78	5.9	257.5	261.8	26.1
48.0	London & Provincial Trust	Ordinary 25p	30/11/78	3.4	148.9	151.5	15.0
111.7	Mercantile Investment Trust	Ordinary 25p	30/11/78	1.25	x55.0	59.5	2.7
	Do. Do.	Conv. Debs. 1983	30/11/78	£4.50	£83.70	£89.20	£4.10
26.8	North Atlantic Securities Corp.	Ordinary 25p	30/11/78	2.7	121.3	124.6	11.5
52.7	Northern American Trust	Ordinary 25p	30/11/78	3.05	131.4	134.7	14.4
7.8	Save & Prosper Linked Invest. Tst.	Capital Shares	30/11/78	—	165.0	165.0	—
124.3	*Scottish Investment Trust*	*Ord. Stock 25p*	30/11/78	3.9	129.2	133.3	11.9
57.1	Scottish Northern Investment Trust	Ordinary 25p	30/11/78	3.36	133.3	141.6	8.7
‡104.3	Scottish United Investors	Ordinary 25p	30/11/78	1.6	95.6	98.8	11.5
50.0	Second Alliance Trust	Ordinary 25p	30/11/78	6.3	241.0	249.5	22.3
3.9	Shires Investment Co.	Ordinary 50p	30/11/78	8.464	155.4	155.4	—
41.7	Sterling Trust	Ordinary 25p	30/11/78	5.3	230.5	237.4	21.3
28.2	Technology Investment Trust	Ordinary 25p	30/11/78	2.6	140.6	141.9	11.5
73.6	United British Securities	Ordinary 25p	30/11/78	4.44	168.6	169.9	14.4
21.2	United States and General	Ordinary 25p	30/11/78	5.94	250.3	257.2	21.7
84.2	United States Debenture Corp.	Ord. Stock 25p	30/11/78	3.52	115.2	119.6	10.3
	Do. Do.	Conv. Loan 1993	30/11/78	£5.00	£126.70	£131.60	£11.30
	Baillie Gifford & Co.						
122.2	Scottish Mortgage & Trust	Ordinary 25p	30/11/78	3.3	143.8	146.2	11.9
60.9	Monks Investment Trust	Ordinary 25p	30/11/78	1.6	65.3	66.0	5.0
†	Winterbottom Trust	Ordinary 25p	30/11/78	†	†	†	†
	Baring Bros. & Co. Ltd.						
40.1	Outwich Investment Trust	Ordinary 25p	1/12/78	1.625	67.8	71.6	4.3
23.8	Tribune Investment Trust	*Ordinary 25p*	24/11/78	1.4	87.4	87.6	10.2
	City Financial Administration Ltd.						
18.5	"Investing in Success" Equities	Ordinary 25p	14/11/78	2.904	236.8	240.3	25.1
	East of Scotland Invest. Managers						
43.9	Aberdeen Trust	Ord. Stock 25p	30/11/78	5.55	181.9	191.7	12.4
	Edinburgh Fund Managers Ltd.						
59.6	*American Trust*	Ord. & 'B' Ord. 25p	30/11/78	*1.35	57.2	59.4	3.9
21.1	Crescent Japan Investment Trust	Ordinary 50p	30/11/78	—	241.3	241.3	39.9
12.5	General Scottish Trust	Ordinary 25p	30/11/78	3.35	112.5	114.9	7.4
	Do. Do.	Conv. Loan 1995/2000	30/11/78	£5.50	£142.90	£145.00	£9.40
8.2	Wemyss Investment Co.	Ordinary £1	30/11/78	12.5	365.1	365.1	33.9
	Electra Group Services						
‡73.2	*Electra Investment Trust*	Ordinary 25p	30/11/78	3.5	143.1	143.1	6.9
‡268.7	Globe Investment Trust	Ordinary 25p	30/11/78	5.5	154.3	154.6	7.2
	Do. Do.	Conv. Loan 1987/91	30/11/78	£5.50	£134.10	£134.30	£6.20
	Do. Do.	Conv. Loan 1985/90	30/11/78	£6.25	£177.50	£177.70	£8.20
37.0	Temple Bar Investment Trust	Ordinary 25p	30/11/78	4.75	122.3	124.6	2.0
	Do. Do.	Conv. Loan 1987/91	30/11/78	£6.00	£105.20	£107.20	£1.70
	F & C Group						
‡19.6	Alliance Investment Co.	Ordinary 25p	30/11/78	3.0	143.2	147.7	12.3
22.5	*Cardinal Investment Trust*	Deferred 25p	30/11/78	3.9	153.6	159.1	11.9
	Do. Do.	Conv. Loan 1985/97	30/11/78	£6.00	£124.40	£128.80	£9.60
6.9	F & C Eurotrust	Ordinary 25p	30/11/78	1.0	67.5	67.5	10.4
184.9	Foreign & Colonial Invest. Tst.	Ordinary 25p	30/11/78	3.77	222.2	231.0	24.8
30.5	General Investors & Trustees	Ordinary 25p	30/11/78	4.0	144.8	149.5	10.0
	James Finlay Inv. Management Ltd.						
1.8	Provincial Cities Trust	Ordinary 25p	30/11/78	1.48	37.4	37.4	—
	Gartmore Investment Ltd.						
7.0	Altifund Ltd.	Income 50p	31/10/78	8.3	102.5	102.5	5.1
	Do. Do.	Capital 50p	30/11/78	0.415	280.9	280.9	5.1
25.3	Anglo-Scottish Investment Tst.	Ordinary 25p	30/11/78	1.8	60.8	63.0	4.0
27.3	English & Scottish Investors	Ord. & 'B' Ord. 25p	30/11/78	*2.45	96.3	102.0	3.4
7.5	Group Investors	Ordinary 25p	30/11/78	1.9	82.2	85.9	5.4
5.0	London & Gartmore Invest. Tst.	Ordinary 50p	30/11/78	§1.0	86.7	91.8	11.3
11.1	London & Lennox Invest. Tst.	Ord. & 'B' Ord. 25p	30/11/78	*ac1.667	69.2	71.6	6.9
23.4	London & Lomond Invest. Trust	Ordinary 25p	30/11/78	2.7	104.0	106.4	6.2
10.6	London & Strathclyde Trust	Ordinary 25p	30/11/78	1.6	55.4	59.1	4.5
12.3	Meldrum Investment Trust	Ordinary 25p	30/11/78	1.85	60.9	60.9	0.3
	Gartmore Investment (Scotland) Ltd.						
‡71.0	Scottish National Trust	Ordinary 25p	30/11/78	3.9	194.5	198.3	18.9
‡17.1	Glasgow Stockholders Trust	Ordinary 25p	30/11/78	2.4	132.5	137.0	13.3
	John Govett & Co. Ltd.						
84.5	Border & Southern Stckhldrs. Tst.	Ordinary 10p	30/11/78	1.7	81.6	83.1	7.0
37.3	Debenture Corporation	Ordinary 25p	30/11/78	2.4	87.6	89.5	4.6
12.5	General Stockholders Invest. Trust	Ordinary 12½p	30/11/78	2.3	149.3	161.2	18.2
19.7	Govett European Trust	Ordinary 25p	30/11/78	1.8	84.4	84.4	11.1
61.6	Lake View Investment Trust	Ordinary 25p	30/11/78	2.4	127.0	131.1	11.3
	Do. Do.	Conv. Loan 1973/98	30/11/78	£4.00	£169.30	£174.80	£15.00
63.9	Stockholders Investment Trust	Ordinary 25p	30/11/78	2.35	131.6	136.6	13.8
	G. T. Management Ltd.						
19.1	Berry Trust	Ordinary 25p	30/11/78	1.0625	90.7	90.7	6.0
	Do. Do.	Conv. Loan 1993	30/11/78	£4.25	£131.70	£131.70	£8.70
21.9	G.T. Japan Investment Trust	Ordinary 25p	30/11/78	2.0	218.2	x216.3	19.2
	Do. Do.	Conv. Loan 1987	30/11/78	£8.50	£135.30	£134.10	£11.90
7.6	Northern Securities Trust	Ordinary 25p	30/11/78	3.45	165.8	171.6	12.9
	Hambros Group						
‡24.5	Bishopsgate Trust	Ordinary 25p	30/11/78	6.25	255.7	265.8	13.4
4.3	City of Oxford Investment Trust	Ordinary 25p	30/11/78	3.3	92.1	95.9	—
‡47.4	Hambros Investment Trust	*Ordinary 25p*	30/11/78	3.75	135.1	145.4	10.7
7.2	Rosedimond Investment Trust	Cap. Shares 25p	30/11/78	—	123.1	123.1	1.3
	Henderson Administration (Contd.)						
‡147.6	*Witan Investment*	Ord. & 'B' *Ord. 25p*	30/11/78	*2.5	x124.4	129.5	x13.1
‡21.2	Electric & General Investment	Ordinary 25p	30/11/78	†	104.8	106.0	11.6
	Henderson Admin. Ltd. (contd.)			Pence except where £ stated (see note d)			
7.1	Greenfriar Investment	Ordinary 25p	30/11/78	1.45	127.7	127.7	13.1
‡6.6	Lowland Investment	Ordinary 25p	30/11/78	2.5	69.6	69.6	1.9
2.3	English National Investment	Pref. Ord. 25p	30/11/78	1.93	34.8	35.8	—
	Do. Do.	Def. Ord. 25p	30/11/78	2.82	64.3	63.4	—
	Philip Hill (Management) Ltd.						
20.5	City & International Trust	Ordinary 25p	30/11/78	4.7	130.2	135.1	6.4
11.3	General & Commercial Invest. Tst.	Ordinary 25p	30/11/78	5.82	178.8	188.6	7.4
23.2	General Consolidated Invest. Tst.	Ordinary 25p	30/11/78	3.75	109.4	112.2	4.5
130.6	Philip Hill Investment Trust	Ordinary 25p	30/11/78	7.9	234.3	238.2	5.5
5.5	*Moorgate Investment Co.*	*Ordinary 25p*	30/11/78	3.82	107.6	110.0	1.2
37.9	Nineteen Twenty-Eight Invest. Tst.	Ordinary 25p	30/11/78	2.92	88.4	91.4	6.1
	Industrial & Commercial Fin. Corp.						
10.7	*London Atlantic*	Ordinary 25p	30/11/78	3.5	89.2	90.6	2.7
6.7	North British Canadian	Ordinary 25p	30/11/78	2.95	91.6	91.6	0.5
	Ivory & Sime Limited						
44.5	Atlantic Assets Trust	Ordinary 25p	30/11/78	0.4	137.2	143.9	21.9
107.1	British Assets Trust	Ordinary 25p	30/11/78	2.6	90.9	96.5	10.8
33.9	Edinburgh American Assets Trust	Ordinary 25p	30/11/78	1.1	139.9	142.0	24.8
13.9	Viking Resources Trust	Ordinary 25p	30/11/78	1.1	120.0	120.0	10.8
	Keyser Ullmann Ltd.						
11.2	Throgmorton Secured Growth Tst.	£1 Cap. Loan Stock	30/11/78	—	—	163.6	—
45.7	Throgmorton Trust	Ordinary 25p	30/11/78	4.375	99.1	101.1	—
	Kleinwort Benson Ltd.						
27.9	British American & General Tst.	*Ordinary 25p*	30/11/78	1.725	53.6	54.7	2.4
22.0	Brunner Investment Trust	Ordinary 25p	30/11/78	†	131.5	134.2	8.4
32.4	Charter Trust & Agency	Ordinary 25p	30/11/78	†	74.4	76.6	4.8
41.8	English & New York Trust	*Ordinary 25p*	30/11/78	3.0	97.6	99.3	6.4
4.6	Family Investment Trust	Ordinary 25p	30/11/78	4.5	105.5	105.5	8.1
3.1	Jos Holdings	Ordinary 25p	30/11/78	2.375	62.7	62.7	1.6
6.4	*London Prudential Investment Tst.*	Ordinary 25p	30/11/78	3.1	102.3	105.1	5.4
49.8	Merchants Trust	Ordinary 25p	30/11/78	2.9	92.4	95.8	7.7
	Lazard Bros. & Co. Ltd.						
‡51.5	*Raeburn Investment Trust*	Ordinary 25p	30/11/78	†	165.9	172.5	14.6
‡39.8	Romney Trust	Ordinary 25p	30/11/78	2.65	118.9	121.4	10.7
	Martin Currie & Co. C.A.						
10.9	Canadian & Foreign Invest. Trust	Ordinary 25p	30/11/78	3.85	149.0	152.8	13.6
19.7	St. Andrew Trust	Ordinary 25p	30/11/78	4.15	155.0	160.0	12.8
97.0	Scottish Eastern Investment Trust	Ordinary 25p	30/11/78	4.5	170.2	176.5	18.5
25.4	Scottish Ontario Investment Co.	Ordinary 25p	30/11/78	2.175	86.4	87.8	9.8
55.4	Securities Trust of Scotland	Ordinary 25p	30/11/78	6.85	220.9	240.8	23.4
	Murray Johnstone Ltd.						
‡46.2	Caledonian Trust	Ord. & 'B' Ord. 25p	30/11/78	*1.85	104.2	107.9	13.9
‡60.3	Clydesdale Investment Trust	Ord. & 'B' Ord. 25p	30/11/78	*1.9	99.5	102.3	13.5
17.2	Glendevon Investment Trust	Ord. & 'B' *Ord. 25p*	30/11/78	*1.95	ac127.2	ac130.2	ac17.5
6.9	Glenmurray Investment Trust	Ord. & 'B' Ord. 25p	30/11/78	*1.05	101.8	101.8	12.6
‡77.3	Scottish Western Investment	Ord. & 'B' Ord. 25p	30/11/78	*2.2	123.7	128.9	16.3
‡25.1	Second Great Northern Invest. Tst.	Ord. & 'B' *Ord. 25p*	30/11/78	*2.0	112.5	116.2	15.4
	Schroder Wagg Group						
20.9	Ashdown Investment Trust	Ordinary 25p	31/10/78	4.05	178.6	185.0	17.6
	D. Do.	*Conv. Loan 1988/93*	31/10/78	£4.75	£125.00	£129.50	£12.30
7.2	Australian & International Trust	Ordinary 50p	30/11/78	3.0	119.3	119.3	17.7
30.1	Broadstone Investment Trust	Ordinary 20p	30/11/78	5.15	198.0	206.0	19.3
	D. Do.	*Conv. Loan 1988/93*	30/11/78	£4.50	£132.00	£137.30	£12.90
48.6	Continental & Industrial Trust	Ordinary 25p	30/11/78	6.4	257.4	267.6	11.6
30.6	Trans-Oceanic Trust	Ordinary 25p	30/11/78	5.0	234.2	240.7	24.4
	D. Do.	*Conv. Loan 1988/93*	30/11/78	£4.50	£146.40	£150.40	£15.20
13.6	Westpool Investment Trust	Ordinary 25p	30/11/78	3.8	142.0	145.2	14.2
	D. Do.	Conv. Loan 1989/94	30/11/78	£5.00	£127.80	£130.80	£12.80
	Stewart Fund Managers Ltd.						
74.0	Scottish American Investment Co.	Ordinary 50p	30/11/78	2.6	106.8	108.1	8.0
15.3	Scottish European Investment Co.	Ordinary 25p	30/11/78	1.5	56.1	56.1	4.1
	Touche Remnant & Co.						
108.8	Atlas Electric & General Trust	Ordinary 25p	30/11/78	1.9	85.4	89.5	4.2
31.7	Bankers' Investment	Ordinary 25p	30/11/78	2.55	74.8	79.6	4.0
32.1	*Cedar Investment Trust*	Ordinary 25p	30/11/78	2.75	91.2	93.7	5.1
41.7	City of London Brewery	Deferred 25p	30/11/78	2.76	79.7	84.1	1.0
30.6	Continental Union Trust	Ordinary 25p	30/11/78	3.5	161.0	166.9	11.4
13.2	C.L.R.P. *Investment Trust*	Ordinary 25p	30/11/78	2.1	94.5	98.9	6.0
180.1	Industrial & General Trust	Ordinary 25p	30/11/78	1.75	72.9	75.2	4.4
35.5	International Investment Trust	Ordinary 25p	30/11/78	2.62	103.6	103.2	5.3
54.4	*Sphere Investment Trust*	Ordinary 25p	30/11/78	3.3	159.7	164.5	10.7
66.1	Trustees Corporation	Ordinary 25p	30/11/78	4.85	197.2	203.1	8.6
36.5	Trust Union	Ordinary 25p	30/11/78	3.4	146.7	151.0	7.1
	Williams and Glyn's Bank Ltd.						
‡13.7	Sizewell European Investment Tst.	Ordinary 10p	30/11/78	1.8	106.1	106.1	8.2
‡2.8	Atlanta Baltimore & Chicago	Ordinary 10p	30/11/78	0.75	62.7	62.7	3.4
3.5	*West Coast & Texas Regional*	Ordinary 10p	30/11/78	0.75	77.6	77.6	5.9
	VALUATION THREE-MONTHLY						
12.2	Safeguard Industrial Investments	Ordinary 25p	30/9/78	4.0	106.3	108.1	—
	City Financial Administration Ltd.						
4.7	Acorn Securities	Cap. Ordinary 1p	28/11/78	—	118.1	118.1	8.9
22.0	General Funds Investment Trust	Ordinary 25p	27/10/78	4.7	254.2	258.7	18.2
	Do. Do.	Conv. Ordinary 10p	27/10/78	—	218.6	222.5	15.7
	Drayton Montagu Portfolio Mngmnt.						
84.6	Drayton Premier Investment	Ordinary 25p	30/11/78	6.7	252.8	263.1	26.1
	Do. Do.	Conv. Loan 1993	30/11/78	£7.50	£163.10	£169.70	£16.90
	Do. Do.	'A' Conv. Loan 1993	30/11/78	£7.50	£162.90	£169.50	£16.80
75.6	Drayton Consolidated Trust	*Ordinary 25p*	30/11/78	5.2	195.1	203.7	18.8
	Do. Do.	Conv. Loan 1993	30/11/78	£7.50	£156.90	£163.00	£15.00
	Do. Do.	'A' Conv. Loan 1994	30/11/78	£6.50	£159.30	£165.50	£15.30
	Do. Do.	'B' Conv. Loan 1994	30/11/78	£6.50	£162.70	£169.00	£15.80
52.1	Drayton Commercial Invest. Co.	Ordinary 25p	30/11/78	4.5	175.4	180.4	15.3
	Do. Do.	Conv. Loan 1986	30/11/78	£6.25	£140.30	£144.30	£12.30
15.0	*English & International Trust*	Ordinary 25p	30/11/78	3.8	123.3	129.7	8.2
	Do. Do.	Conv. Loan 1986	30/11/78	£7.00	£149.40	£157.20	£9.90
9.2	Colonial Securities Trust	Deferred 25p	30/11/78	8.1	340.8	356.5	33.7
7.8	British Industries & Gen. Inv. Tst.	Deferred 25p	30/11/78	3.8	150.7	154.1	14.7
	Do. Do.	Conv. Loan 1994	30/11/78	£6.50	£167.50	£171.30	£16.30
5.8	Drayton Far Eastern Trust	Ordinary 25p	30/11/78	0.0	48.3	48.2	9.2
2.4	*City & Foreign Investment Co.*	Ordinary 25p	29/11/78	—	58.6	59.8	13.8
5.5	Montagu Boston Investment Trust	Ordinary 10p	29/11/78	0.873	55.4	55.4	4.1
	East of Scotland Investment Mngrs.						
11.3	Dominion & General Trust	Ordinary 25p	30/11/78	8.5	245.3	255.6	21.2
28.6	Pentland Investment Trust	Ordinary 25p	30/11/78	4.05	151.1	155.8	14.4

* Applies to Ordinary "A" Ordinary only. § Includes special dividend. ac Adjusted for scrip issue. or Adjusted for rights issue. † Company will announce year-end or interim results shortly. x See note (h) below. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation: both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated: columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x", as prior charges; warrants or subscription rights are treated as unexercised.

AITC

A free booklet "Investing in Investment Trust Companies" is available from The Association of Investment Trust Companies, Park House (6th Floor), Finsbury Circus, London EC2M 7JJ.

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Olympic Dam hopefuls start the bidding

BY KENNETH MARSTON, MINING EDITOR

EXCITING developments on the mining front for South Australia are believed to be now building up in the opinion of our man in Perth, Don Lipscombe. He understands that bids are due in this week for partnership stakes in Western Mining's massive Olympic Dam (formerly Roxby Downs) copper-gold-uranium find in South Australia.

He reveals that the companies which have been given data on the discovery have signed a "confidentiality agreement", the breaching of which carries a six-figure fine. It is believed that the data documents ultimately went to six oil companies and two mining companies: Amoco, Atlantic Richfield (Arco), British Petroleum, Esso, Mobil, Shell Broken Hill Proprietary and Utah.

Already the political pressure is building up since the project has the scope to break the Australian *Labour Party's opposition* to uranium mining. Olympic Dam's uranium is contained within the copper ore and under existing South Australian attitudes it must be stockpiled, a cost burden which the companies would be unlikely to countenance.

Furthermore, South Australia desperately needs new developments in order to maintain economic momentum. So it seems that Olympic Dam will come to epitomise the ultimate government dilemma: ideology versus jobs. *This is recognised by the Liberal* Party senator Mr. Don Jessop, who this week called upon the South Australia Labor premier, Mr. Don Dunstan, to open up the Olympic Dam "bonanza."

He commented that the potentially huge mining operation could support a population of between 30,000 and 50,000 people which would go a long way towards curing the state's employment problems.

Meanwhile, several months' negotiations with the bidders for Olympic Dam will probably take place before any decision is made by Western Mining. The project, it is thought, could develop into Australia's biggest mine and require a capital investment of *over A$1bn (£577m).*

ATV ahead 22% to £6m so far

PRE-TAX profits of Associated Communications Corporation, which takes in ATV Network, went ahead by nearly 22 per cent from £5.01m to £6.11m in the 26 weeks to September 24, 1978 on turnover up from £43.1m to *£56.17m. But the directors say it* should not be assumed the rate of first-half profits increase will be maintained in the second half.

The figures include seven months' trading results from the group's U.S. television distribution subsidiary, ITC Entertainment, which is bringing its year end into line with that of the rest of the group.

For the whole of last year the group turned in pre-tax profits of £13.7m.

The interim dividend is 3.1p net, against 2.77p. The stated earnings are 5.58p (5.66p) after the one-for-four rights issue in November 1977. For the whole of last year the company paid 6.606p.

	26 weeks 1978 £000	26 weeks 1977 £000
Turnover	56,170	43,102
Profit before tax	6,109	5,013
Tax	3,177	2,607
Profit after tax	2,932	2,406
Minorities	15	39
Attributable	2,917	2,367
Dividends	1,621	1,449

● comment

Half-time figures from ACC look reasonable, but the outlook for the second half is far from exciting. Interim profits are up by 22 per cent but the comparable period was held back by the production costs of "Jesus of Nazareth" and film profits were down in that six months. This time television profits should have pushed ahead and film profits were probably also higher. However, the second half will be *dented by the costs of new ventures in particular, the company* points out, is the tie-up with EMI to market films in North America. The records and tapes side, which was running below budget in the first half, has picked up thanks to the injection of new management but overall full year profits are unlikely to be much above £15m pre-tax — indicating little growth in the closing six months. At 118p the prospective fully taxed p/e is 8.3 and the yield is 9½ per cent — a return which should underpin the price.

St. Piran up £0.6m midterm

Saint Piran might have done betetr *to spend more time on its* Press relations, said Mr. Bob Shaw, chairman of the controversial mining and construction group yesterday.

Announcing interim profits of £1.9m (£1.3m), Mr. Shaw said that Press interest in Saint Piran had increased since it bought a stake in A Monk and Co.

"Unfortunately, the Monk directors felt vulnerable and their only defence was to use the media. Since then Saint Piran has been news and *one or two* publicity-seeking individuals have attempted to climb on our bandwagon," he said.

The board decided to ignore the "*speculative comments*" which were circulating and to "get on with their job of continuing to make increasing profits for their shareholders."

But in retrospect Mr. Shaw said that the company might have done better to spend more time on press relations. Henceforward Mr. Douglas Allen, a recently appointed director, will be responsible for this.

The change of policy co-incides with a chance of chairman. Mr. Shaw will be stepping down to become a non-executive director and Mr. Henry Hodding will become chairman. Mr. Shaw said he was not resident in the UK and a chairman had to be continuously available.

The resignation of Mr. Shaw from the chair satisfies only a small part of the demands made recently by dissatisfied shareholders. The directors are still refusing to recruit any well known City figures to the Board. Mr. Allen said yesterday that such a move would be "mere window dressing."

Mr. Allen will be giving the Board advice on takeovers. His background as a management consultant is in this area. The group is to pursue a policy of acquisitions in mining, housebuilding and allied industries.

On turnover of £9.9m (£7.2m), Saint Piran made trading profits of £1.6m (£1.3m) in the six months to September 30, 1978. Associate company profits of £270,000 (£2,000) and tax of £735,000 (£675,000) left an after tax profit of £1.1m (£0.6m).

Extraordinary profits of £685,000 arose from profits after cpital gains tax on disposal of listed investments less unrealised exchange losses on a loan to an associated company.

Earnings per share have risen to 7.57p (5.11p), an increase of 48 per cent. Net tangible assets have grown to 103p per share.

The tin price was erratic during the six months under review, says the Board, but its recent firmness is encouraging. Production of tin metal shows a satisfactory increase over the same period last year.

AMAL. STORES CHANGES NAME

At the AGM of Amalgamated Stores, shareholders passed a special resolution to change the name of the company to Amalgamated Estates Limited.

The Board believes that this changeof name will more fully reflect the company's *principal* activities of property investment *and property dealing.*

S. W. Wood in profit at six months

A turnround from a £204,000 deficit to a pre-tax profit of £154,000 is reported by S. W. Wood Group for the six months to September 30, 1978, on reduced sales of £8.7m against £8.87m.

Mr. A. N. Bolsom, the chairman, says the improvement is being maintained in the first two months of the second half, particularly in the light of an increase in export volume.

For the previous full year, a £69,000 pre-tax deficit was incurred.

Last year's half-year result was struck after exceptional losses of £242,000. After tax of £80,000 (nil) stated earnings per 20p share were 1.3p (3.5p loss).

The net interim dividend is raised from 1.5075p to 1.8p to reduce disparity and the chairman says an increased total payment can only be considered in the light of full year figures — for 1977-78, payments totalled 4.2933p.

Mr. S. W. Wood and Mr. E. M. Falco, both directors, have waived their entitlement to the interim payment in respect of their personal holdings totalling 3.45m shares — after these waivers, the dividend absorbs £42,569.

NatCom Banking set for further development

SUMMING UP the prospects for the National and Commercial Banking Group, Sir Michael Young-Herries, chairman, says it is set on a course of continuing development in the UK and overseas.

At home, it remains almost certain that despite economic problems the demand for wider and better banking services will increase. And he is confident that the group is well placed to provide these services competitively and to play an expanding role in a growing domestic market.

Abroad, in the past year the group has made small but useful advances in actively developing its presence.

At September 30, 1978, group assets totalled £4.44bn, against £3.88bn a year earlier. Liquid assets stood at £1bn (£849.9m) and advances at £2.89bn (£2.46bn). Deposits and current accounts were £3.78bn (£3.29bn).

Business associated with North Sea oil exploration and production continues to form a significant part of activity. But competition in Scotland is intense, with the number of *financial institutions*, including building societies, still increasing and competing aggressively for deposit and loan business.

As reported on December 1, profit before tax for the year ended September 30, 1978, was £67.4m, compared with £54.1m. Adjusting to the interim recomfendation on *inflation accounting* made by the Accounting Standards Committee, the profit comes down to £47.9m (£35.8m). The dividend is 2.94p (2.6329p) net.

Meeting, Edinburgh, January 11 at noon.

● comment

National and Commercial Banking Group notes that the demand for advances has become much stronger in recent months, and a greater *proportion of credit lines* is being taken up. This has made the banking "corset" more of a nuisance, but like the other clearing banks the group has managed to avoid serious difficulties so far. At least the restrictions on growth mean that the balance sheet ratios ought to stabilise his year after the sharp drop in the free capital ratio from 5.3 to 4.3 per cent last year. For 1978-79 Williams and Glyn's looks a little better placed than the Royal Bank *given that Scottish conditions are* currently very competitive. Overall, he group should receive some help from higher *interest* rates

EMI medical losses mount

SIR JOHN READ, chairman of EMI—the entertainments, catering and electronics group—warned shareholders at the annual general meeting yesterday that significant losses are continuing to hit the group's medical electronics business.

The group's shares fell 7p to 141p.

It is EMI's medical electronics business which produces the revolutionary body and brain scanners. A year ago Sir John had said that the order intake was then insufficient to enable the group to earn satisfactory profits, bearing in mind EMI's substantial investment in the market.

Yesterday he said his warning had been totally justified. He explained that the problems in *the medical electronics business* was being tackled in two ways—through cutbacks in overheads and establishment costs "as far as is practicable," and through the launch of a new range of CT scanners.

The first production unit, he said, of one of the UK models from this wide range had been delivered to Germany, and production units of the faster-scan models of the new range are planned for shipment from the *group's U.S. medical base in* Chicago in the early summer of 1979.

But, he added, "the medical electronics business will continue to trade at a significant loss this current financial year." In the last financial year medical electronics showed losses of £13.2m.

"The model changes to which I have referred involve run-outs of old models and introductions of new models, both of which are costly, combined with heavy *research and development of the* order of £8m. An acceptable level of shipments will not be possible until the financial year 1979/80," said Sir John.

He explained that the group's music business, which represents half of EMI's sales, is under intense pressure on margins around the world. But the U.S. music company, Capitol, had made "an excellent start to the year."

The group's other activities are said to be *performing* well. "Thames Television shows very satisfactory results, and the electronics interests, outside medical, continue to progress," said Sir John.

Braham Millar down 58%

A STRIKE in the last month of the half-year to September 30, 1978 resulted in pre-tax profits of Braham Millar Group plunging from £510,999 to £213,842 in the period. Turnover was also down, *from £4.51m to £4.32m*. The directors also warn that pre-tax profits for the whole year will be significantly lower.

The strike was settled in October but the Board says political problems in the Middle East are frustrating actual and prospective contracts there. Elsewhere in the Middle East demand remains brisk, but competition is greatly increased, especially from countries such as Korea, Japan and India where production costs are much lower.

The directors add that this is being mitigated by some improvement in UK demand, but it is uncertain how long this will continue.

Turnover for the full financial year is thus likely to show some reduction in real terms and pre-tax profit will probably be significantly lower than in the previous year when the group turned in £1.09m before tax.

There may well be considerable recovery next year and vigorous action is being taken to achieve this, adds the Board.

On this basis the interim dividend is lifted to 0.6p net, against an equivalent 0.545p. The total paid last year was an equivalent 1.466p.

For the half-year under review no tax has been *provided* (£87,206) because on the current view it will be payable having regard to stock relief and capital allowances.

UK COMPANY NEWS

● NEWS ANALYSIS—WERELDHAVE/EPC

Background to Dutch mystery bidder

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MR. W. M. VAN DIJK, chief executive of N. V. Beleggingsmaatschappij Wereldhave, told me recently that he would give up the property business once it ceased to be fun. His surprise £40.4m cash offer for **English Property Corporation** yesterday should keep him happily occupied for some months if it fails, and some years if it succeeds.

EPC shareholders, who have been advised by their board to take no action for the moment, have good reason to be interested in Mr. Van Dijk. He emerged as the mystery bidder in this summer's on-off takeover talks that helped EPC's shares to a year's "high" of 51p on market speculation. And he continued in more limited and equally secretative bid talks for EPC's overseas properties until early November when a curt, one line telex from EPC's directors killed the chances of an agreed bid.

But what exactly is this shadowy Dutch property group that can blithely launch a bid for the country's second largest property group?

Wereldhave is now the largest independent international real estate investment group in Holland. It was formed in 1930, and has been quoted on the Amsterdam Stock Exchange since 1946. the early 1960s when the Dutch the early 1960's when the Dutch commercial property market began to parallel the period of active development seen at the same time in the British market.

After a decade of development, Wereldhave gradually changed into a property investment group, and in 1972 it was formally converted into an investment company. As such, it gains exemption from Dutch tax, paying no corporation tax as long as investment profits are all distributed as dividends. To retain an active property management and development arm the group established a 100 per cent owned subsidiary, InterNed Holdings NV.

As Wereldhave's equity is issued in the form of bearer shares, no exact record is kept of its main holders. But it is known that Robeco, the giant Dutch investment group, is the largest single shareholder, with around 18 per cent, and that the Doctors' Pension Fund holds another 10 per cent. Dutch institutions of one form or another are understood to account for around 60 per cent of the shares.

It is this Dutch institutional backing that gives Wereldhave, with gross assets of £170m and shareholders' equity of £73m the financial muscle to make its £40.4m cash bid and attempts to take on EPC's £180m of non-Canadian debt.

Mr. Van Dijk's concept of the bid is simple. He believes that Dutch institutions' enthusiasm for commercial property and Wereldhave's reputation are such that there will be ample subscriptions for new equity capital raised, initially in Holland, to cover the purchase costs. He has bank backing for the initial purchase period.

He believes that he can raise institutional money in the form of equity costing around 7 per cent, and that once into EPC he would be able to raise sufficient finance to untangle the web of cross-guaranteed loans that make it difficult to sell UK properties fast enough to stem EPC's £12m-plus a year revenue drain.

He believes that if Eagle Star (which, with 27.2 per cent of EPC, is its main institutional prop) had wished to carry out the drastic action he feels is necessary to cut the losses, it would have done so long ago. And the 37p bid price does, he believes, give a fair estimate of EPC's worth when all the gearing risks, development commitments and running revenue losses are set against its assets. It is very doubtful if EPC or Eagle Star will share his views.

Freddie Mansfield

Mr. John N. Ferguson, chairman of Associated Engineering, seen with a main bearing for a medium speed diesel engine at the Alperton factory of the Group's subsidiary, the Glacier Metal Company. This suite of machines, representing an investment of over £1m, on which this bearing was made, was both designed and built by Glacier.

AE falls 9.4% to finish with £29.4m

AS FORESHADOWED at the interim stage, pre-tax profits of Associated Engineering for the year to September 30, 1978 fell from £32.5m to £29.4m; a drop of 9.4 per cent on a turnover increase of 13 per cent.

At halfway, when the profit decline was from £16.2m to £15m, the directors said that the full year's outcome would be between £28m and £30m, after charging £1.2m of redundancy and eraly retirement costs.

Yearly earnings are shown at 15.7p (19.4p) and the dividend total is raised from 4.69p to 5.24p with a final payment of 3.82p net.

During the year the company acquired control of Tempered Group and Fluidrive Engineering Company. The assets and liabilities of both companies have been included in the consolidated balance sheet at September 30, 1978, which shows fixed assets of £76.7m (£58.2m), bank overdrafts of £34.5m (£18.1m) and net current assets, excluding bank overdrafts, of £112.6m (£86m).

The profit and loss account includes profits of Tempered for the six months from April 1 but excludes profits of Fluidrive.

	1977-78 £m	1976-77 £m
External sales	324.0	286.5
Trading profit	*33.4	35.4
Interest	4.0	2.9
Profit before tax	29.4	32.5
Tax	14.2	14.5
Net profit	15.2	18.0
Minority profits	0.6	0.7
Pref. divs.	0.1	0.1
Dividends	5.0	4.3
Extraordinary items†	2.5	0.5
Retained	12.0	13.4

*After charging depreciation of £7.2m. †In accordance with the Chancellor's budget statement £4.2m has been released from deferred taxation account in respect of provisions for 1973 and 1974 stock relief no longer required. Of this surplus £2.0m has been applied in bringing the deferred taxation provisions of Tempered and Fluidrive onto the Group basis of accounting and the balance of £2.2m has been credited as an extraordinary item. Surplus on purchase and redemption of debenture stock £0.3m.

● **comment**

Associated Engineering has had little trouble meeting the forecast made at the time of the Fluidrive acquisition in July that profits would be between £28m and £30m. But back in January AE was suggesting that profits would show a satisfactory increase on last year's £32.5m. Looking back it is now apparent that volume has been static at best in the past year. However, the sales mix has been changing. There has been a decline on the UK tractor side and a continuing decline in the world market for marine components. But all this has been offset by improved demand in the turbine components division and more sales of replacement components. Industrial disputes are said to have cost £2m, while closure costs knocked off another £1½m. However, on a Hyde basis "real" profits have only declined by 5 per cent to £20.6m, and the dividend is covered 2.6 times. Thanks to Ford the current year has started slowly, but AE could end up with pre-tax profits around £35m. At 117p the prospective yield is just over 7 per cent.

Record at Notts. Brick

PROFITS BEFORE tax of Nottingham Brick rose from £509,287 to a record £635,349 in the year ended September 30, 1978, from peak turnover of £2.18m compared with £1.76m previously.

First-half profits had risen £95,870 to £251,742 and the directors were then expecting a satisfactory increase in profits for the year.

They now report that both production and sales were maintained at very satisfactory levels throughout the year and there continues to be a good demand for the group's products.

Earnings per share are shown at 63.8p against 56.6p. As indicated earlier, the directors have reviewed the ratio of interim to final dividends—following the interim dividend of 4.85p the board is now recommending a final of 8.0475p making a maximum permitted 12.8975p against 11.55p.

BIDS and DEALS

Comfort bids for City Hotels

Comfort Hotels International, until recently better known as Adda International, has launched a £5.7m bid for **City Hotels Group**. The bid is assured of success as directors and shareholders of City Hotels already have agreed to accept Comfort's offer in respect of their holdings which amount to 51.45 per cent.

Yesterday morning shares in City had been suspended at 126p *pending an announcement*. The suspension price valued the group on the stock market at £3.8m. Comfort's offer, a mixture of Comfort's shares and cash, pcts a value on each City share of 190p.

Terms of the offer are 17 ordinary shares in Comfort plus 300p in cash for every four ordinary *shares in City Hotels*.

The boards of Comfort and City Hotels said yesterday that the hotel businesses of the two companies are complementary "since their hotels are in the same price category and are mainly located in the same area of central London."

Both groups stressed that as a result of the merger, which will produce a hotel group with a combined annual turnover of over £13m, there will be both marketing and general operating benefits.

In its last balance sheet for the year ending December 31 1977 City Hotels showed net assets of 86p per share. Pre-tax profits were £1.07m on turnover of £6.18m.

City Hotels, known for its chain of Dayville ice cream parlours, sought a stockmarket quotation only eighteen months ago.

In its last financial year, for the year ending December 31 1977, Comfort Hotels reported pre-tax profits of £996,000 on turnover of £7m.

Comfort changed its name from Adda International last month.

APPROACH TO LEISURE CARAVAN

Leisure Caravan Parks has received an approach from a publicly-quoted leisure group. An announcement is expected midday today. The group's shares were suspended on the stockmarket at 112½p, which values the group at £15.7m.

KEAN & SCOTT SUSPENDED

Shares of **Kean and Scott**, the furniture retailer and manufacturer with an interest in short term finance, were suspended yesterday at 25p, "pending an announcement."

The shares have climbed a long way from the level of a month ago when it was first announced that an individual was going to bid for the company. At that time the shares stood at 12p while the value of the intended bid was even lower, at 10p per share.

WGI ACQUIRES CAWTHRAW

WGI, the Wilmslow-based engineering and construction group, has acquired the capital of **Cawthraw and Co.** for a cash consideration, dependent upon the net assets of Cawthraw at September 30 and anticipated to be around £680,000—of this £600,000 is payable on completion and the balance within seven days of determination of net assets.

Yarrow pushes ahead with acquisitions

Although still waiting for its compensation from the Government following the nationalisation of its ship-building business, **Yarrow and Company** is wasting no time in pushing ahead with acquisitions.

Yesterday the company announced that it has spent *£1.85m in buying an engineering* subsidiary of **Moore Business Forms**.

The subsidiary, Control Systems, designs and makes a wide range of ticket issuing and cash handling equipment. In 1977 it made profits of £356,000 and in the six months to June *£274,000. Net assets* for last year are said to be £1.97m after taking into account full liability for an unfunded pension scheme.

Yarrow intends to inject a further £1.1m into Control in order to cover pension liabilities and to repay loans to Moore.

Late last month Yarrow alluded *to the purchase when it said that* it was negotiating for an unquoted engineering company for around £2.75m. Yesterday it said that the purchase funds have come out of funds accumulated before the shsipbuilding takeover.

Yarrow's own profits for the year to June dropped from £1.8m *to £1.4m despite a £1.3m increase* in sales to £6.7m.

WHITECROFT-RANDALLS

The **Whitecroft** offers for **Randalls Group** are unconditional. Acceptances have been received in respect of 91.6 per cent of the ordinary and 99.21 per cent of the preference. The offers remain open. The balance will be acquired compulsorily.

BTR EXPANDS IN AUSTRALIA

BTR Australia, a wholly owned subsidiary of BTR has now acquired 52 per cent of the capital of **Kencord Holdings** of Melbourne, Australia.

Kencord's sales to the year ending 30 June, 1978, amounted to A$16.05m (£9.3m) with pre-tax profits of A$1.44m (£831,000). The company's main interests are in the manufacture of moulded automotive carpets and other components industrially contiguous to other BTR interests in Australia, the UK and Europe. During the year, Kencord also expanded its facilities for the manufacture of polypropylene filament yarns for floor covering and other purposes.

This investment follows the announcement of BTR's acquisition in Australia of Injectapak, a precision plastics moulding company.

The Group has also recently acquired a 100 per cent holding in Geo. Pickers Ltd., a major Queensland distributor of leisure products.

ROTHSCHILD SALE TO HILL SAMUEL

Terms have been agreed for the *sale by N. M. Rothschild and* Sons of its 50 per cent interest in Rothschild and Lowndes Management to the Hill Samuel Group. On completion, which will be on Januray 15, 1979 the company will be an wholly owend subsidiary of Hill Samuel.

Rothschild and Lowndes Man*agement is the management com*pany of the New Court Exempt rust. This is an exempt equity fund providing equity investment for pension funds and charities. Its present value is about £6m and it is invested mostly in UK equities. On completion of the sale its name will be changed to *Hill Samuel General Exempt* Trust and will be managed by Hill Samuel Trust Managers.

N. M. Rothschild Asset Management will continue to provide investment services to medium and smaller-sized pension funds and charities through the New Court range of exempt funds covering equities, properties and gilts. Its clients that are in the present New Court Exempt Trust will be move into another equity fund.

TESCO

Tesco Stores (Holdings) has now completed the acquisition of the 51 per cent stake in 3 Guys.

INCHCAPE

Inchcape, the UK-based trading conglomerate, is extending its insurance broking interests. Its insurance broking subsidiary **Bain Dawes** is buying **Wood and Steven**, *the Birmingham-based insurance* brokers, for less than 25 per cent of the net asset value of the Inchcape Group.

NO PROBE

The Secretary of State for Prices and Consumer Protection has decided not to refer the proposed merger between **Scovill Manufacturing Co.** and the **Yale Lock and Hardware** division of **Eaton** to the Monopolies Commission.

BANK RETURN

	Wednesday Dec. 13 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposit	24,675,128	— 502,022
Sp'c'l Deposits	1,098,780,000	— 6,135,000
Bankers	422,685,053	+ 65,079,916
Reserves & Other A/cs	689,150,252	+ 19,526,144
	2,249,522,053	+ 77,771,058
Assets		
Govt. Securities	1,847,501,063	+ 73,940,000
Adv. & Other A/cs	205,670,700	— 8,855,326
Premises, Equ & other Secs	168,679,061	— 4,563
Notes	27,567,810	+ 6,699,078
Coin	213,314	— 8,162
	2,249,522,053	+ 77,771,058
ISSUE DEPARTMENT		
LIABILITIES	£	
Notes issued	9,150,000,000	+ 225,000,000
In Circulation	9,122,442,190	+ 218,300,922
In Bank'g Dept	27,557,810	+ 6,699,078
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs	8,073,685,886	+ 174,227,319
Other Sec'rities	1,065,299,014	+ 50,772,681
	9,150,000,000	+ 225,000,000

Heywood Williams sees £1m

RECORD PRE-TAX profits of £1m *for Heywood Williams Group, are* forecast by Mr. Douglas Oliphant, the chairman, for the full 1978-79 year.

For the six months to October 20, 1978, taxable profits more than doubled from £181,000 to £372,000 on turnover of £10.63m against £8.66m previously. For the whole *of the 1977-78 year the group* achieved profits of £562,000.

Trading in the UK was much improved with contributions from all sections. Aluminium extrusion, patent glazing and glass merchanting remain the group's strongest elements and the window plant in Chester is now trading profitably.

Mr. Oliphant says the profits from the restaurants in the U.S. were up to expectations for the first five months trading, and with several expansion possibilities being investigated, he says he is certain that the U.S. will be a good growth area for the future.

As foreshadowed in his annual statement the chairman says that South Africa continues to be a disappointment and contributed a loss of £30,000 to results. "I do not expect much better than a break-even position for the year as a whole."

The interim dividend is 2.01p net per 50p share; last year's total was 4.09p.

Also proposed is a sub-division of the ordinary shares into 25p shares; an EGM has been convened for January 4 to which will be put the necessary resolution.

As at balance date assets per share are shown as 158p compared with 127p as at April 30, 1978. Mr. Oliphant says the group's policy of reduction in UK borrowings has continued but increased trading has meant additional utilisation of bank facilities.

The American assets acquired in June have been included, and with retained profits have provided the base for the increase in assets; fixed assets were £3.78m (£2.39m at April 30), and total assets £6.38m (£5.1m). Shareholders interest came to £4.75m (£3.36m).

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NORTH AMERICAN NEWS

Mattel sees peak sales as profits fall back

BY TERRY BYLAND

MATTEL, the major U.S. toy group, which earlier this year planned a strong entry into the UK market for skateboards has announced a sharp setback in third quarter trading.

But, it forecasts record sales and pre-tax income for the full year, although it warns that net income may be down because of estimated higher effective tax rates and lower extraordinary income tax credits.

Results for the third quarter show a drop of 9.5 per cent to $16.1m in net profits of from 92 cents to 81 cents a share. Sales edged forward by 1.9 per cent to $170.2m.

For the nine month to date, net earnings are 3.4 per cent down at $22.7m or $1.17 against $1.28. But sales, at $389.7m, have gained 9.9 per cent.

A major portion of the company's electronic games and Battleship Galactia products are sold during the final quarter, says Mattel.

Last June, Mattel returned to the dividend lists for the first time since December, 1972, with a quarterly payment of 7.5 cents a share.

Mattel delayed its entry into the UK market for skateboards for several years and finally came in at the expensive end in 1977 with a $115 model aimed at the more sophisticated skatoboarder.

Earlier this year, the group made a strong push into the UK market, with its U.S. model selling at £66, a high price by British standards. At that time, the U.K. market was estimated at £100m annually. But the market now appears to have collapsed and other world markets are also looking distinctly unhappy. The all-important U.S. market, however, remains relatively strong.

Penn Central makes its return

BY DAVID LASCELLES

NEW YORK — A familiar, though somewhat battered, name reappeared in the New York Stock Exchange's ticker tape yesterday after an absence of eight and a-half years—Penn Central. But the 23.2m shares which became available for regular trading this morning belonged to a vastly different company from that which made business history with its bankruptcy in June, 1970.

For a start, its name is no longer the Penn Central Transportation Company, but Penn Central Corporation, a completely restructured organisation put together out of the shambles, and now free of all claims against it. It is also a fraction of its former size $1bn against $7bn), is potentially profitable, and definitely not in the railroad business.

As part of the complex eight-year restructuring, the bankrupt railways assets were conveyed, in April 1976, to Consolidated Rail (Conrail), the Government-sponsored railroad, formed specifically to keep the trains running. Today, Penn Central has two major business activities.

"Continuing operations" run by its Pennsylvania Company subsidiary (PENCO) include energy services (Edgington Oil), Buckeye Pipeline, Property development (Arvida Corp.) and amusement parks (Great Southwest Corp.). These few viable remains of the old railroad are all said to be operating profitably. Penn Central is also selling off odd assets like real estate—including some plum central Manhattan acres—coal properties, some remaining rail assets, and the stock of certain subsidiaries.

The new company also enjoys a huge $1.5bn tax loss carry forward which should help it back onto the road to profitability.

Penn Central's other field of business is the somewhat bizarre one of litigation, namely the "vigorous prosecution" of its valuation dispute with the Government, designed to recover compensation for the rail assets conveyed to Conrail. Settlement of this case could take up to ten years, observers believe.

Although Penn Central's securities, which include bonds and preferred stock, were formally launched yesterday, they had in fact been trading on a "when issued" basis for some weeks.

Shareholders in the old company received one new Penn share for 25 old ones. During informal trading, they were quoted at around $25 each, but as the reorganisation became clearer they slipped down to the low of $20. Yesterday they were quoted at $17⅛.

RESULTS IN BRIEF

Slowdown in growth at Eltra

NEW YORK—Net annual *earnings of Eltra Corporation*, the diversified indusrial holding group, advanced from $42.5m or $3.75 a share to $47.9m or $4.20 a share on sales up from $922m to $1.02bn.

Fourth quarter results show a slowdown in growth, however, net earnings of $12.8m or $1.13 a share comparing with $11.2m or 99 cents a share on sales of $266.8m against $236.8m previously.

Beech Aircraft had a good year, boosting earnings from $2.32 to $3.14 a share. First quarter profits of Masonite, the hardboard group increased from *57 cents to 89 cents a share*

Conagra, the flour products company currently fighting Cargill, the grain company for MPBXL Corporation, beef predecessors, lifted half-year earnings *from $7.1m or $1.74 a share to* $10.45m or $2.56 a share.

Hotels group Hyatt Corporation had a strong third quarter with net earnings up from $4.6m or 57 cents a share to $6.9m equal to 86 cents a share. *This boosted* nine-month profits to $22.44m or $2.83 a share compared with $13.54m or $1.68 a share for the same period last year. Agencies

Counterbid for Credit Foncier

By Robert Gibbens

MONTREAL—A counter-bid has been made for the Montreal-based mortgage and financial credit company, Credit Foncier Franco-Canadien. It comes from Montreal City and District Savings Bank, a major Quebec savings and mortgage company which operates under a special federal law.

City and District offers C$140 cash for each Credit Foncier share, compared with the $138 offered by Central and Eastern Trust Company, based in Halifax, Nova Scotia, last week.

City and District says its offer is conditional on 51 per cent acceptance and under legislation introduced into the National Assembly it can acquire these shares.

About 60 per cent of Credit Foncier's shares are held by French and Belgian investors, mainly through the French investment bank Paribas and also Credit Lyonnais.

Central and Eastern had previously claimed that stock held by Paribas had been promised under its bid. The Quebec Government then moved legislation to block that bid.

The Credit Foncier Board was meeting to consider the new bid by City and District.

Heinz pays more

H. J. Heinz is to increase the quarterly dividend from 45 cents to 50 cents a share, payable January 10 to shareholders on record on December 26. Reuter reports from Pittsburgh. This is the third time in the past 12 months that the dividend has been raised.

International Harvester

International Harvester has acquired a 35 per cent stock interest in Industria de Maquinas Agricolas Ideal SA Santa Rosa, Brazil, a maker of *small and medium-sized* self-propelled combines, AP-DJ reports from Chicago.

Stern, Lauer to close

Stern Lauer, an old-line bond and stock brokerage house, has become the first victim of lean times on Wall Street. The firm, which traces its origins to 1898, is to stop operations *next* Thursday, AP-DJ reports from New York. Bear Sterns is to take on some of its key operations and about one-third of its 130 employees and partners.

ASBESTOS CORPORATION TAKEOVER

Politicians taking a hand

BY ROBERT GIBBENS IN MONTREAL

TALKS BETWEEN representatives of the Quebec Government and of General Dynamics of the U.S. on Quebec's proposed takeover the company's asbestos corp. subsidiary appear to have *reached stalemate.*

Asbestos Corp., the second largest asbestos fibre producer in Quebec and Canada after Johns-Manville, is owned as to 54.6 per cent by General Dynamics. GD took the interest about a decade ago. The Parti Quebecois, in its pre-1976 election campaign, committed itself to take "control" of the asbestos industry on the grounds that it was being inadequately managed, *and that not enough attention* was being paid to health risks in mining and milling fibre.

It also complained that only 3 per cent of Quebec's fibre output was being processed into *manufactured products* in the province, at a cost of many thousands of jobs.

When the Parti Quebecois government of Rene Levesque was formed after the November 1976 election, one of its first acts was to propose taking over control of Asbestos Corp. from General Dynamics, partly because the company ships most of its output to more than 50 countries. Other producers ship fibre mainly to captive manufacturing operations in North America and Europe.

At the time, the market value of Asbestos Corp. stock was around C$24. The province appointed Kidder Peabody, the New York investment bankers, as its representative to evaluate the Asbestos Corp. shares, and General Dynamics appointed *Lazard Freres to do a valuation* from its side. During last summer talks began between these intermediaries.

In St. Louis today General Dynamics Corporation replied sharply to the Quebec Government's *nationalisation threat.* Mr. Guy Fiske, executive vice president, said the threat "can only be considered as an effort to apply unfair pressure on Asbestos Corporation shareholders to sell their stock, unless the Government has already decided to expropriate this valuable property in a completely arbitrary and high-handed manner without making any effort to negotiate *responsibility.*" He *added* that the government has not made an offer formally or informally, and General Dynamics has not proposed a price. General Dynamics considered that the Kidder Peabody evaluation of Asbestos stock was "substantially lower" than that of Lazard Freres

By then the stock had reached over C$40 in the market, partly on the publicity the takeover proposal generated in Canada and in the U.S. Also, Kidder Peabody had leaked a tentative valuation of Asbestos Corporation stock at around C$65-68 a share.

A week ago, Quebec Finance Minister, Jacques Parizeau, confirmed unofficial reports that there was a wide gap between what General Dynamics was asking and what the province was willing to pay, and he had "personally intervened" in the talks. He called them "negotiations"—a term General Dynamics has refused to use.

Immediately, the stock rose to almost C$53, and Mr. Parizeau let it be known that he was preparing a report to the Cabinet. *He hinted that if a price could* not be agreed upon between the two parties, the Government would have to think in terms of nationalisation.

On Tuesday Premier Levesque was questioned in Quebec City on the subject and declared that if agreement cannot be reached, the province, "will have to go ahead and expropriate." He agreed that talks appeared to be stalemated and differences between both sides "are almost irreconcilable." He said "we are coming to the crunch."

The statement knocked the share price of Asbestos Corporation down to about C$49. Premier Levesque referred to an "artificial increase" in the value of Asbestos Corporation stock, presumably referring to the more-than doubling in price since the government announced its take-over policy.

Mr. Levesque referred to "*negotiations*" — *but later* General Dynamics put out a statement from its St. Louis headquarters, saying that there have not been any official negotiations and that the province has not made "a firm offer."

Industry observers believe General Dynamics' tactics would normally be to spin out negotiations as long as possible, because it has said repeatedly it does not want to sell its holding in Asbestos Corp. Unofficial reports have indicated that the asking price is well over C$100 per share, which would put a value of over C$150m on the General Dynamics' holding.

A price like this is not justified by recent profits. In the first nine months of this year, Asbestos Corp. earned C$9.6m or C$3.39 a share on sales of C$101m against C$15.1m or C$5.32 on sales of C$109m a year earlier. The market was soft in the summer, but has recovered recently.

However, price increases have been announced for early 1979. The bulk of the company's production is in Asbestos-cement grades, and the company has forecast "a shortage situation developing by mid-1979."

Optimism at CPC International

ENGLEWOOD CLIFFS — Now Bolstered by strong volume gains in its consumer food products and the beginning of a recovery in the U.S. corn wet milling industry, CPC *International* expects an earnings gain of about 10 per cent this year, according to Mr. James W. McKee, Jr, the group's president. The diversified *food processor expects similar* improvement in 1979, Mr. McKee told Dow Jones.

CPC earned $132.9m or $5.60 a share on sales of $2.87bn in 1977. A 10 per cent earnings gain this year would bring its per-share net to $6.16, a figure generally in line with analysts' forecasts. Mr. McKee *declined specific comment* on 1979 profits which analysts now estimate will reach between $6.60 and $7.05 a share.

The CPC executive predicted a 1978 sales advance of 12 per cent *to 14 per cent.*

The food concern started the year slowly, posting a modest 1.6 *per cent year-to-year earnings* advance in the first half. In the third quarter CPC profits were 16 per cent ahead of the figure for the corresponding period of 1977.

CPC's Best Foods U.S. consumer products subsidiary has recorded volume increases of between 3.5 per cent and 4 per cent this year, giving the company unit growth better than the industry average. In Europe, unit *gains were between 4 per cent* and 5 per cent.

AP-DJ

Strikes hurt Borg results

CHICAGO — Borg-Warner, which is currently planning a merger with Firestone Tire and Rubber Corporation, state that its 1978 earnings will be affected by recent strikes involving about 3,500 workers at three units.

Last October the company predicted 1978 earnings would be at least $6 a share against $4.93 last year.

*"While these strikes have in*creased the difficulty of topping our forecast by the comfortable margin we had earlier expected, we continue to be optimistic that earnings for the year will reach *or slightly exceed the $6 level.*"

It said the York division's machinery plant at York, Pennsylvania, the Baldwin-Washington plant at Baldwin, Missouri, which makes auto aftermarket products, and the Byron Jackson pump plant near Los Angeles were on strike for much of November.

An agreement covering 800 workers at Byron Jackson was signed December 4.

Reuter

Utility's earnings on rebound

NEW YORK—Southern California Edison's fourth-quarter *results are showing an improve*ment over the third quarter because of a recent rate increase and higher kWh consumption, H. Fred Christie, the senior vice-president, told analysts.

Southern California Edison earned $1 a share in the third quarter, compared with $1.03 earned in 1977.

Mr. Christie said the recent results are "indicative of a bottoming-out of the declining trend in earnings."

The company received a $102m partial rate increase which is being reflected in the fourth quarter. For the 12-month period ended September 30, the utility's earnings were $3.18 a share, down from $3.89 earned in the prior comparable period.

Mr. Christie said Southern California Edison has received approval from the California Public Utilities Commission to increase base rates by $124m including the $102m partial increase.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on December 14

U.S. DOLLAR STRAIGHTS

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95¼	95¾	0	−0½	10.01
Australia 8.45 83	175	96⅞	97⅜	−0⅛	−0⅝	9.54
Australia 9½ 93	75	98⅜	99⅛	−0⅛	−0⅝	9.46
Beatrice Foods 7⅞ 83	100	94⅝	94⅞	−0⅛	−1⅛	9.27
CECA 8½ 87	50	94⅞	95⅜	+0⅛	+0⅜	9.60
CECA 9 93	25	97	97½	−0⅛	−1	9.35
CECA 9½ 98	25	98⅞	99⅜	0	−0⅞	9.34
CNT 9 93	75	95⅜	96⅛	−0⅛	−1⅛	9.52
Canada 8 83	250	95	95½	0	−0⅜	9.58
Canada 8.20 85	250	94¼	94⅝	−0⅛	−0⅜	9.52
Canada 8¾ 98	250	93⅛	93⅝	−0⅜	−1	9.56
Canada 9 83	400	96⅛	96⅞	−0⅛	−0⅞	9.57
Canada 9¼ 98	350	98⅞	99⅛	−0⅛	−⅝	9.58
Canadair 8¾ 83	70	95⅞	96⅛	−0⅛	−1⅛	9.61
Dominion Bridge Co. 9 86	25	94	94½	+0⅛	−0⅜	10.11
EIB 9¼ 98	125	97	97½	−0⅛	−0⅜	9.65
Eksportfinans 9 88	50	97	97½	+0⅛	−0⅜	9.50
Finland 8¾ 83	100	96⅞	97¼	−0⅛	−0⅞	9.25
Finland 9 88	100	96	96½	−0⅛	−0⅜	9.83
Hospital O/S 9 88	25	97⅛	97⅝	0	−0⅜	9.69
Itel Finance 9½ 88	25	95⅜	96⅛	−0⅛	−0⅜	10.42
Itel Finance 9¾ 90	20	93¼	93⅞	−0⅛	−1⅛	11.02
J. C. Penney 8¾ 83	100	96½	97	−0⅛	−1⅛	9.37
Mac Bloedel 9¾ 93	50	97	97½	+0⅛	+1	9.60
NZ Dev. Fin. 8¾ 83	20	94⅞	95⅜	−0⅛	−0⅜	9.71
NZ Dev. Fin. 8¾ 85	20	94½	94⅞	−0⅛	−0⅜	9.56
Nat. West. 9 86	75	97⅞	98⅜	−0⅛	−0⅜	9.34
Newfoundland 9¼ 90	50	97⅞	98⅜	0	−0⅜	9.51
Nord Inv. Bk. 8¾ 88	25	96⅛	96⅝	−0⅛	−0⅜	9.33
Norges Komm. 9¾ 93	75	97⅛	97⅝	−0⅛	−0⅜	9.61
Norway 7¾ 83	250	93⅛	93⅝	−0⅛	−1	9.78
Norway 8¾ 83	150	97⅛	97⅝	−0⅛	−0⅜	9.62
Occidental 8¾ 85	75	93⅛	93⅝	−0⅛	−0⅜	10.28
Ont. Hydro 8¾ 85	125	94⅞	95⅛	−0⅛	−1⅛	9.55
Quebec Hydro 9½ 93	50	98½	99	−0⅛	−1⅛	9.65
Sweden 9½ 86	125	97⅞	98⅛	−0⅛	−0⅜	9.78
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

MEDIUM-TERM CREDITS

Colombia to raise $600m loan

By John Evans

CHEMICAL BANK International Group has won the mandate to arrange a $600m Euromarket loan for Colombia, marking one of the country's biggest overseas financing operations to date.

The credit will be used for development purposes, as well as to refinance on more favourable terms some of Colombia's outstanding Euromarket debt.

The loan maturity is 10 years, and the borrower will pay split rates of ⅞ and ¾ per cent over interbank Eurodollar rates.

Chemical Bank, which fought off competition from a number of other banks also bidding for the loan mandate, will now form a banking management group.

In other loan developments, Indonesia is increasing the size of its current syndicated borrowign to $350m *from* $300m, afte roversubscription, according to bankers.

The 10-year loan, on the most *favourable terms* Indonesia has yet received on a Eurodollar credit, was managed by Manufacturers Hanover and Toronto Dominion Bank.

EUROBONDS

Carter bonds oversubscribed

By Francis Ghilès

THE FIRST TRANCHE of the so-called Carter bonds, the first ever Deutsche-Mark denominated U.S. Treasury bonds, was nearly three times oversubscribed, according to West German commercial bankers.

Subscriptions were reported to have amounted to DM 8.8bn and *allocate DM 1.77bn to the shorter* allocate DM 1.77bn to hte shorter three year tranche and DM 1.26bn to the longer tranche of four years minus one day.

The greater success of the *shorter tranche was predictable:* the yield of 5.95 per cent is at the top end of yields offered on domestic German bonds of comparable maturity, while the yield of 6.20 per cent on the longer tranche is in the middle of yields offered on German domestic bonds of similar maturity.

In the foreign Deutsche-Mark sector, prices moved up and then down again to end the day at the same level at which they had opened in what dealers described as more active trading conditions than hitherto this week. The issues for the Republic of Brazil and New Zealand were priced at par with indicated conditions otherwise unchanged. The Brazilian issue was quoted in early trading at a discount of one-eighth to three-eights of a point, while the New Zealand offering was trading at minus three-quarters to one percentage point.

The dollar sector of the market was down by an average of one-quarter of a point in what dealers described as very quite trading.

ENGINEERING IN WEST GERMANY

M.A.N. plans to raise dividend

BY ADRIAN DICKS

AUGSBURG — Maschinenfabrik Augsburg-Nuernberg (MAN), the West German mechanical engineering and commercial vehicles concern which forms the centrepiece of the Gutehafnungshuette group, is proposing a dividend increase from DM 6 to DM 7 per share for the year ended last June.

Turnover for the MAN parent company was up 8 per cent to DM 4.4bn ($2.3bn) in the year. For the group of companies consolidated under the MAN roof, the steep drop in the sales of GHH-Sterkrade, specialising in heavy machinery and equipment for the steel and coal-mining industries, limited the increase to 6 per cent. Group turnover for 1977-78 was DM 6.7bn ($3.5bn).

On the face of it, the last year's results suggest a strong recovery from several years of under-used capacity and squeezed margins that have *afflicted most of the West* German engineering sector. In fact, the deputy chairman of MAN, Herr Gerd Wollburg, points to several factors that weigh heavily on the company's expectations for the current year and make the management doubtful that next year's profits will match last year's DM 67m.

New orders in the first four mouths up to October 31 were down from DM 1.6bn to DM 1.3bn, while total orders in hand dropped from the unusually high level of DM 6.1bn *to Dm 5.2bn.* For the first time in over a decade, according to the chairman, Herr Hans Moll, new orders in last year at DM 3.6bn were well below the *value of the year's sales.*

In part, these year-on-year declines can be attributed to the bulge caused in the previous year by a DM 900m contract for *trucks from the West German* Defence Ministry. Even "corrected" for this special factor, however, MAN saw a 35 per cent drop in new export orders last year *that* was responsible for pushing these below 40 per cent of the total.

The company takes only limited consolation from the rise in domestic new orders last year, for by the first four months of the current year these, too, were turning down.

Generalisations, however, are especially difficult for a company represented in so many different branches of a complex industry. *At the centre of MAN's present* plans are, of course, its strengthening of links with other motor *manufacturers. The range of 6-9* tonne trucks being built in conjunction with Volkswagen will be presented next autumn, while MAN is also extremely optimistic about its newly-concluded co-operation with White Motors of the U.S., in which it holds a 12.5 per cent stake.

Yet vehicles, while the most prominent area of the MAN group's recent expansion, are not alone. The company has also taken steps to strengthen its North American market position in printing machinery — an industry in which *Roland-Offset,* the MAN 80 per cent-owned *subsidiary,* has raised its own dividend from DM 4 to DM 6. Since 1975-76, MAN has seen turnover in its printing machinery division rise by 75 *per cent* to some DM 162m, while in the past business year alone, new orders rose by an impressive 48 per cent to DM 193m.

Last year M.A.N. sold its 26 per cent stake in Miller Western and instead concluded a co-operation agreement with Wood Industries, which gives it an extensive sales and service network and, the German company hopes, will lay the foundation *for assembly* in the U.S. of M.A.N. group printing machinery.

Past experience has taught M.A.N. the necessity of American involvement before any substantial expansion of U.S. sales can be expected. It has been victim *of what* Herr Moll calls a tacit "buy American" policy in the heavy turbine sector, and though it considers that U.S. wage costs have only become attractive relatively recently, it clearly has further plans in mind for assembly of heavy machinery in *the* U.S. and Canada as well as Brazil.

For some products, such as diesel engines, M.A.N. believes that manufacture in West Germany is still cheaper. This is one of the basic premises in the co-operation with White Motors.

It also lies behind M.A.N.'s newest project in the diesel engine sector, a 400-900 kilowatt "simple" motor on which testing is to begin next March. Here, the top design *priority* has been to arrive at a motor that will require fewer man-hours to produce and take less time to maintain.

M.A.N. hopes *that* developments such as this will offset the difficulties at the heavier end of the diesel engine business caused by the world-wide slump in ship-*building. Another* growth area it has identified is the market for heat-pumps, now moving rapidly into large-scale sales in West Germany.

Finally, heavy machinery and plant construction is still feeling little benefit from the upswing in economic *activity* in West Germany. As much as 21 per cent of the *M.A.N.* group's sales in this area are dependent on the energy industries, and the continuing freeze in both conventional and nuclear power station construction has hit M.A.N. hard.

Plant for the steel industry also remains in low demand, with hopes still mainly pinned to exports. GHH-Sterkrade is a major contractor for the Nigerian warri complex, of which Herr Moll would say only that "it is no secret that the financ*ing of this project remains something* of a problem."

Creditor aid for Rekseten until 1981

By Fay Gjester

OSLO—Creditors of the crisis-hit Rekseten tanker group, among them Hambros Bank and the Norwegian Aker shipbuilding concern have put the seal on 9 *months of negotiations designed* to keep the company afloat until end-1981, at least.

Under a *deal* between Rekseten, the Norwegian Guarantee Institute for Shipping (GI) and Rekseten's creditors, the GI will continue to meet Beksten's liquidity *requirements* through 1979. During 1980 and 1981 all the creditors will share the burden.

The arrangement assumes that by 1982 the Rekseten tankers will be earning enough to cover their operating expenses and interest payments on outstanding debt, as *well* as being *able* to begin repaying capital. The debts owing to the GI will be completely repaid before those of the other creditors.

The new deal, signed here *this* week, relates to the 12 tankers owned by the Rekseten companies Trajan and Hadrian. An LNG tanker, the Lucian, is excluded *from* the agreement, which has taken nine months to negotiate.

Last March, the GI invoked its right to renegotiate its existing guarantee commitments on a loan of some £70m to Rekseten, after a steep fall in tanker values had substantially reduced *the value of the Rekseten ships as* security for the loan.

A Press release by the GI said the new agreement involved no additional risk to the Institute, provided that the value of the Rekseten ships and their earning ability did not change. On the contrary, it represented an improvement of the GI situation, in the event of default on the debt.

Foreign stakes in Van Doorne

BY CHARLES BATCHELOR

AMSTERDAM — Fiat and Borg-Warner Corporation will take a substantial stake in Van Doorne's Transmissie, which has developed a revolutionary automatic transmission system —the "transmatic." The two companies believe that the Dutch company's continuously variable transmission system is the most advanced of its kind in the world and that it could *become the next generation of* automatic transmissions, Van Doorne said today.

The Italian car group and Borg-Warner, which already manufactures automatic transmissions, will each put up Fl.14.4m ($7m) to acquire a 24 *per cent stake each in the share* capital of Van Doorne which will be doubled to Fl 60m. The Company is at present 75 per cent owned by the Van Doorne *family with the remainder owned* by the *Dutch state.* The family will slightly increase its financial stake although in percentage terms it will be reduced to 39½ per cent. The state's holding will be halved to 12½ per cent.

In line with the Dutch government's "spearhead" policy, which aims to *stimulate* the development of new and promising economic activities, it will provide a subordinated loan of Fl 25m and a development credit *of* Fl 10.4m. It has also promised support under its regional development scheme.

The agreement is of fundamental importance to the future growth of Van Doorne, the company said. The Transmatic system can be used in cars, commercial *vehicles* and for industrial purposes. It has gained widespread acceptance in industrial applications in the past two years and has been sold in most *parts of the world, Mr. E. Hamstra, managing director of* Van Doorne said.

The new partners intend further to develop, produce and market the Transmatic throughout the world through Van Doorne, which will retain exclusive rights to the know-how and *patents. Over the next few years* the company expects its workforce to remain around at 150 but, in the longer term it could expand to 500. Given the high development costs Van Doorne does not expect to make profits for several years, Mr. Hamstra said.

Van Doorne recently fought a court battle with the Swedish car maker Volvo, which sought preferential rights to the Transmatic system. *Volvo* claimed it had acquired these when it bought into Daf car. It won the first round but a court decided in Van Doorne's favour on appeal.

Perstorp sees further gains

BY WILLIAM DULLFORCE

STOCKHOLM — Perstorp, the Swedish chemicals concern, anticipates a further advance in earnings in the current year following a 43 per cent gain in 1977-78.

Where uncertainty lies, it is in the future performance of the dollar on the exchange markets, *it is stated in the shareholders'* report for 1977-78. But Perstorp is traditionally cautious in its forecasting and expectations are optimistic.

The 1977-78 report switches from cost-calculated to planned depreciation. After adjusting the *results of earlier years,* pre-tax earnings show a SKr 28m growth to SKr 93m ($21m) in the year ending August 31. Sales were up by 24 per cent to SKr 1.15bn ($260m).

The board proposes to pay a dividend of SKr 4.25 a share, an increase of SKr *0.92* after adjusting for last year's bonus issue. It also recommends a one-for-five rights issue at SKr 130 compared with the present stock market price of *SKr 220* a share. This would raise the share capital to SKr 95m.

Perstorp had a return on total capital employed of 14 per cent *in 1977-78 and a return on equity* of 16 per cent, both within the target brackets set by managing director Karl-Erik Sahlberg. Profit generation was the highest this decade and sufficed to cover all investments and expansion in working capital.

The new *share issue is seen as* preparing for the strong expansion expected in the next few years. "We like to go to the market in advance," Mr. Sahlberg *said yesterday.* "We have several projects ready for development."

A site has been bought for a new factory in Brazil which already contributes 40 per cent to group costs and profits. New laminates are being developed and the company is looking at alternatives to methanol and thermo-plastics as raw materials. In Pernovo, the group's research and development subsidiary, several *new products are ripe* for introduction to the market and will call for substantial investments.

Mr. Sahlberg also pointed to the need to maintain a high equity ratio, if Perstorp is to be able to borrow abroad to finance *its expansion,* most of which will take place outside Sweden. He mentioned the middle and Far East as areas, in which the group could be seeking expan*sion.* Perstorp *already* has a sales office in Singapore and is particularly interested in the *ASEAN* market.

Rhone-Poulenc streamlines

By Terry Dodsworth

PARIS — The ambitious job-*creation plans of Rhone-Poulenc,* the French chemicals group which is in the process of re-organising its troubled textile interests, have taken a further step forward in a co-operation agreement with Informatek, a small medical diagnosis company.

The two groups are combining to create a manufacturing concern, Informatek Industries, which will be based at the Rhone-Poulenc textile factory at Besancon. This is one of the factories which is being converted under the group's plans to streamline its textile activities.

Although employment in the new plant will start with about 60 people, against the 1,850 workers *now engaged* at Besancon, both partners are hopeful of a rapid expansion.

Informatek designs a range of sophisticated, computerised medical diagonostic machines

AEG-Telefunken sees loss

BY OUR OWN CORRESPONDENT

BONN—AEG-Telefunken, the *West German electrical* and electronics group, expects to show a loss for 1978 of between DM 300m and DM 400m ($1.55 to $2.1m) the chairman, Herr Walter Cipa, *said in Berlin this* week.

Herr Cipa insisted, however, that despite these losses, and a probable fall in both orders and sales in 1978, the company had come "a whole lot further" in its efforts to regain financial health after the very severe difficulties of the early 1970's.

The chairman announced that *AEG-Telefunken has now set* itself the goal of resuming dividend payments in 1980—a commitment he was unwilling to make when the 1977 final results were published last May. No dividend has been paid to the *estimated 180,000 shareholders* since 1973.

Herr Cipa declined to give any information about the abrupt departure of an AEG-*Telefunken main board director* and two other senior executives, all of whom are leaving the company at the end of this month. Herr Alexander Lantenbach has been main board director in charge of planning and organisational control, a central post in the light of Herr Cipa's five-year plan to turn AEG-Telefunken round and to transform *its structure.*

Herr Helmut Garbers has been chairman of the energy and industrial plant construction division—an area in which Herr Cipa said AEG-Telefunken's sales were down 17 per cent this year as the result of still deficient investment intentions on the part of industry.

Baron Joachim von de Osten-Sacken has been production *director of AEG-Telefunken's* consumer goods division. No new details of this area of the company's activities were provided by Herr Cipa, but the group's interim report in August stated that capacity-use was still running low. As Herr Cipa repeated this week, one of his objectives in reshaping the group is to reduce the relative importance of consumer goods and to build up industrial equipment to about half of group turnover.

At the same time a new division for "leisure electronics" is *being set up.*

Swiss capital market plans

By Our Financial Staff

ZURICH—Some SwFr 1.35bn, or $790m, of net new funds will *be raised on the Swiss capital* market during the opening quarter of next year. The Swiss new issue authorities have approved all 63 new bond issues.

Overall *funds being raised* amount to SwFr 3.45bn which roughly a quarter more than that raised during the opening three months of 1978. But the amount of *so-called conversion bonds* has moved up sharply by SwFr 750m to SwFr 2.1bn leaving the net figure broadly unchanged.

Conversion bonds involve the maturity *or premature redemption* of securities for the same borrower. The trend to conversion loans has been heavily fuelled this year by the decline in interest rates in Switzerland. Over the past 12 months average bond yields have shrunk from *4.32 per cent to 3.81* per cent according to calculations by the Swiss Bank Corporation.

Interest futures: a growing market despite widespread suspicions

By DAVID LASCELLES in New York

THE CHICAGO Board of Trade's futures market is bedlam to the "first-time" visitor. Traders clustered in pits yell and gesticulate at each other, messengers race around clutching fistfuls of paper. Above it all, giant electronic boards flicker the latest prices for everything from frozen broilers to plywood. In a smaller adjoining room, the same noise and confusion prevails. But what is traded here is not quite as earthy as soya beans or grain: it is interest rates.

According to the CBOT, interest rates futures are the fastest growing market in the U.S., and that small trading room will soon be too small. Some traders say it's the greatest thing since buttered popcorn.

London

Hyperbole aside, the idea of dealing in interest rates futures appears to be overcoming the suspicion that greeted its appearance three years ago, and several proposals are afoot to trade them more widely both in the U.S. and abroad.

The London International Clearing House, a UDT subsidiary which provides clearing facilities for the futures markets in London, has commissioned a report to see whether this sort of trading can be brought to London. It is being made by Mr. John Harding, an English member of ContiCommodity Services in Chicago, who is expected to put forward a strongly positive recommendation.

Financial, or interest rate, futures were devised as a means for banks, institutions and businesses to protect themselves against changes in interest rates at a time when they fluctuate much more sharply than in the past. It is no accident that they are traded in commodity markets since they are based on precisely the same hedging concepts that underlie futures trading in traditional commodities such as, say, maize. In this market money is treated like a commodity, and the interest on it is its price.

The broad idea is that an organisation which expects to be buying or selling interest-bearing instruments such as bonds some time in the future should be able to protect itself against any unfavourable shift in interest rates that occurs in the meantime.

A future borrower wanting protection against rising interest rates, buys his futures today and thus locks himself to the going rate. If interest rates then go up, he sells at a profit and applies the proceeds to reducing the cost of his borrowing. A future investor wanting to take advantage of high present-day interest rates, sells his futures. If interest rates then go down, he buys them back at a lower price, making a net profit which he applies to enhance the sum he is investing. In both cases, of course, the borrower and investor stand to lose money if interest rates go the other way.

Mortgage

At the Chicago Board of Trade, the largest of the existing financial futures markets, interest rates futures trading is based on three basic units: long term treasury bonds, 90-day commercial paper issued by prime U.S. companies, and General National Mortgage Association Certificates (known as GNMAs or Ginnie Maes). Ginnie Maes are the busiest market. These certificates have no parallel abroad. They represent refinancing by the banks of their mortgage lending to home owners and are guaranteed by the GNMA, which means they have "the full faith and credit of the U.S." behind them. As a rule, banks lump their refinancing together into tradable amounts, say $100,000 worth, and then issue them as certificates on the secondary market. These certificates form the basis of the futures contracts.

Financial futures are traded like regular commodity futures. Just as grains come in lots of 5,000 bushels of a given quality, all U.S. Treasury bonds, for instance, are traded in units of $100,000 face value, not maturing or callable for at least 15 years. Very few of the trades actually result in deliveries: over 98 per cent are cancelled through reverse deals. But the possibility of delivery, however remote, keeps the market in order.

Like the regular markets, financial futures markets are made by both dealers and speculators. Although the latter come and go as they please, they play an essential role in keeping the market liquid.

Financial futures had a sticky start, with potential clients slow to make use of them because of ignorance and mistrust. When the first Ginnie Maes were traded in October 1975, the financial community "*could not decide whether we were a gambling saloon or a load of corn dealers with funny ideas—but either way they did not like us,*" one dealer recalls. The federal monetary and banking authorities viewed the novelty with a distinct lack of enthusiasm, which lingers on. Banks must get permission to trade in financial futures, and there are restrictions on what they may do.

But by dint of energetic marketing, business was gradually built up. This year the number of contracts in Ginnie Maes climbed to around six figures a month on the CBOT, more than doubling last year's volume. In October, there were about 111,000 trades, compared with 252,000 in wheat, the commodity that came closest.

According to Mr. James Marzano, a dealer with Stotler and Co, the most active participants are small and medium sized banks, though big banks have also shown interest.

Among the very big banks already using the market, Citibank, the largest in New York, is prominent, though there was initial resistance partly because of financial futures' gambling image, partly because they were viewed as competition.

Opportunities

Although most people come to the market to hedge, this is far from the only attraction. There are possibilities for arbitrage as spreads open up between rates on the futures and underlying markets. Citibank has programmed a computer to spot such opportunities match them against the bank's portfolio, and make a buy or sell recommendation.

The Chicago Board of Trade and other exchanges which trade in financial futures (mainly Chicago's Mercantile Exchange), have plans for new contracts based on different instruments, like four-year Treasury notes, 30-day commercial paper, and even three-month Eurodollar certificates of deposit. The letter, which would be in basic units of $100,000, are specifically designed to attract foreign interest.

But the authorities' lingering doubt about these market casts something of a shadow over their future. Mr. Michael Blumenthal, Secretary of the Treasury, earlier this autumn called for a fuller examination of their impact before more contracts were approved.

The authorities are concerned about the possible effects of financial futures dealing in *federal securities on the* Treasury's ability to manage the public debt. Will it have to tailor issues of notes and bonds to suit the future markets? What if it wanted to withdraw certain securities from the market? Would that bring about the collapse of the futures markets based on them?

None of these questions have, as yet, been answered. The exchanges themselves have pooh-poohed these fears, mainly on the grounds that the markets would adapt to any changes in treasury financing habits.

HOW INTEREST FUTURES WORK

A "PERFECT" LONG HEDGE

A DEALER holds $10m worth of 180-day paper on February 15 which he intends to sell on May 16 as 90-day paper. The prevailing rate on 90-day paper on February 15 is 5.4 per cent, and June commercial paper futures are trading at 5.6 per cent. To hedge against adverse interest rates movements, the dealer buys $10m of June futures. By May 16, rates have risen as the dealer expected. To sell the paper in the cash market he must discount it to the prevailing rate of 6 per cent. But assuming that the June futures have followed suit he can sell $10m worth at 6.2 per cent for a profit that offsets his losses on the cash market.

A "PERFECT" SHORT HEDGE

ON MARCH 1, a bond dealer with an inventory of $1m of U.S. Treasury Bonds with an 8 per cent coupon and 25-year maturity, sees their current value at 99-8/32 to yield 8.07 per cent. He must hold on to them, but fears that interest rates will rise and their value decline. So he sells bond futures contracts equivalent to $1m at the prevailing rate of 98-16/32 (yield 8.15 per cent). As he expected, the bonds' value does drop by five points. He sells his bonds at a $50,000 loss, but the value of the futures he sold has since dropped to 93-16/32 (yield 8.69 per cent) so he buys them back at a profit, offsetting his loss from the bond sale.

CAUTION

THESE examples are supplied by the Chicago Board of Trade with the warning that the dealers could equally well have made losses if interest rates had not moved as they expected.

"...continuing development in the U.K. and overseas..."

Sir Michael Herries OBE, MC, LLD Chairman

The Annual General Meeting of the Shareholders of National and Commercial Banking Group Limited will be held in the North British Hotel, Edinburgh, on Thursday, 11th January 1979, at 12 noon. The following is from the statement by Sir Michael Herries, OBE, MC, LLD, Chairman of the Board.

THE YEAR'S OPERATIONS

The 5 per cent. increase in pre-tax profit for the year to 30th September 1978 has been achieved against a background of lower average interest rates coupled with a somewhat greater demand for advances. Average base rate for the year was 7.87 per cent. compared with 10.71 per cent. in the previous year, whilst the average margin between base rate and retail deposit rate narrowed to 3.23 per cent. from 3.81 per cent. Our sterling deposits increased on average by 16 per cent. compared with the previous twelve months, whilst our average sterling advances rose by 11 per cent. The sterling equivalents of average foreign currency deposits and advances showed increases of 9 per cent. and 5 per cent. respectively. These increases were somewhat smaller than the actual increases in terms of foreign currency as a result of changes in average exchange rates, in particular the strengthening of sterling against the US dollar.

Royal Bank of Scotland Group: The operating profit, excluding the share of profits of associated companies, was £28,204,000, 17 per cent. below last year, which reflects the lower average interest rates mentioned above and significantly higher costs of operation. The Royal Bank's share of profits of associated companies, including Lloyds and Scottish, was 41 per cent. higher at £9,398,000. Considerable emphasis has been placed on the consolidation and expansion of international operations, particularly in North America and the Far East. At home, business associated with North Sea oil exploration and production continues to form a significant part of the bank's activity.

Williams & Glyn's Bank Group: The operating profit, excluding the share of associated companies' profits, was an encouraging 4 per cent. higher at £22,815,000 and with a release of £5,000,000 from the provision against advances the increase was 27 per cent. International business increased in volume. The domestic branch network has been further consolidated and improved, and new Car Loan and Home Improvement Loan schemes have recently been launched.

THE ECONOMY

The record of the UK economy was mixed in our latest financial year, but on balance there was a welcome improvement, most conspicuously in the rate of inflation. There was also a marked recovery in consumer and investment demand. But domestic industrial output was slow to respond, imports of manufactured goods rose rapidly and the balance of payments weakened after the second half of 1977, despite the increasing contribution of North Sea oil. In the short term there are two notes of caution worth sounding: demand for finance by industry and commerce may at some stage bring the banks uncomfortably close to the limits prescribed by the recently reactivated supplementary special deposit scheme; and current and prospective wage demands could well threaten our hard-won reduction in inflation. In the longer term, economic recovery must depend on a marked improvement in our productivity. To stand a chance of success it is vital to reduce taxation, strengthen the often tenuous link between effort and reward and secure a wider recognition of the necessity for greater profitability.

THE SCOTTISH ECONOMY

Movements in the Scottish economy have broadly paralleled those in the UK as a whole, and there must likewise be doubts about the durability of the 1978 recovery. The direct benefits of North Sea oil for Scotland are probably at or past their peak, and it is now more important than ever that the indirect benefits to the balance of payments and to Government finance are used judiciously.

BANKING DEVELOPMENTS

The banking industry is now more subject to Government intervention than ever before. In the field of monetary control the supplementary special deposit scheme is inhibiting competition among banks and encouraging the use of less efficient channels for finance outside the banking system. We hope that this device will prove to be no more than a temporary expedient. The Price Commission's recent Report on bank charges confirmed that these are not excessive and that in most respects our money transmission services compare favourably with those abroad. The Clearing Banks are currently considering the Commission's suggestion that we should disclose our general provisions against bad and doubtful debts. The Banking Bill foreshadows major changes in the supervision of all deposit-taking institutions. We welcome the role that the Bank of England is to play, but feel that it is inappropriate for the Clearers to subscribe to the proposed Deposit Protection Fund, as our depositors are not at risk under present arrangements.

A prodigious amount of time and effort has been devoted to producing the evidence and information required of us, including detailed submissions to the Wilson Committee by the London and Scottish Clearers. I look forward to the time when our hard-working staff can settle down again and give their undivided attention to our customers.

THE FUTURE

Despite the problems faced by the UK economy, it remains almost certain that the demand for wider and better banking services will increase. Our Group is well placed to provide these services competitively and to play an expanding role in a growing domestic market. Abroad, in the past year we have made small but useful advances in actively developing our presence. In short the Group is set on a course of continuing development in the UK and overseas.

15th November 1978.

Salient Figures

	1978	1977
Group profit before taxation	£67,385,000	£64,095,000
Profit attributable to ordinary shareholders	£32,645,000	£27,329,000
Earnings per 25p ordinary share	14.2p	13.4p
Dividend per 25p ordinary share	2.94p	2.6329p
Deposits and customers' current accounts (including notes in circulation)	£3,975,965,000	£3,455,933,000
Total assets	£4,439,045,000	£3,882,571,000

Copies of the Directors' Report and Accounts containing the Chairman's full statement may be obtained from The Secretary, National and Commercial Banking Group Limited, 36 St. Andrew Square, Edinburgh EH2 2YB.

National and Commercial Banking Group

LIMITED

The Royal Bank of Scotland Limited

WILLIAMS & GLYN'S BANK LIMITED

Malaysia gas companies merge

BY WONG SULONG

KUALA LUMPUR—Two Malaysian industrial gas companies have announced a merger which would result in the creation of what is probably the biggest gas company in the Far East, outside Japan. Under the merger terms, shareholders of Far East Oxygen (FEO) will receive five shares of Malayan Oxygen Limited (MOL) for every six FEO shares.

The merger, which has been approved by the Malaysian authorities, is conditional upon acceptances of shareholders representing at least 90 per cent of the issued capital.

A spokesman of FEO said the stage has now been reached where the two companies have to combine their resources to expand. He said the two companies are producing at full capacity to supply the West Malaysian market. After the merger, a new plant costing 9m ringgits (U.S.$4.15m) would be built, outside Kuala Lumpur. It would have a capacity of producing more than 1,000 cubic metres of oxygen or nitrogen per hour.

British Oxygen has a 75 per cent interest in MOL, which has a paid-up capital of 10.7m ringgits (U.S.$4.93m), while the French company, l'Air Liquide has a 53 per cent stake in FEO which has a paid up capital of 10.5m ringgits (U.S.$4.8m).

For the year ended September, MOL made a pretax profit of 2.7m ringgits (U.S.$1.24m) while FEO's pre-tax profit was 2.1m ringgits (U.S.$968,000).

Singapore Airlines seeks further $300m finance

BY H. F. LEE

SINGAPORE—Singapore Airlines is negotiating with several banks for a further U.S.$300m worth of loans to finance the expansion of its fleet, following the signing today (Thursday) of a $100m loan agreement with the National Westminster Bank.

The negotiations are expected to be completed by the middle of next year, and the funds are in addition to loans which SIA expects to receive from the U.S. Export-Import Bank.

Exim Bank last month offered SIA a $91m ten-year loan at 8.375 per cent interest. However, SIA was after a much bigger amount, around $400m, and is currently holding further discussions.

SIA's massive financing requirements have attracted considerable interest among banks. The airline, considered a prime name by bankers, is currently being wooed by several banks. But banking circles said that the terms indicated by SIA appear to be quite stiff.

NatWest's Singapore branch chief manager, Mr. J. D. Holden, said at the signing ceremony that the facility was unsecured and available for seven years with a two-year grace period and at fine rates.

The rate will be pegged against either LIBOR or SIBOR, Singapore Interbank Offered Rate, at the option of the airline.

Mr. Holden would not, however, reveal the actual rate charged.

The loan is NatWest's largest ever direct loan to a single customer, and is for the purchase of Boeing 747 aircraft.

The loan will be drawn down in four instalments of $25m, beginning at the end of this year and ending in August 1979.

SIA has earlier committed itself to purchase 26 aircraft — seven DC-10s, 13 Boeing 747s, and six Boeing 727s — at a total cost of around US$1.14bn.

The NatWest loan is the third loan to be concluded by SIA over the past month for its fleet modernisation and facilities development programme, and the first specifically for the purchase of Boeing 747 aircraft.

* * *

SINGAPORE—Metro Holdings departmental stores pre-tax profit for six months ending September 1978 rose to 3.1m ringgits (U.S.$1.4m) from 2.5m ringgits (U.S.$1.1m) in the 1977 similar period, agencies report.

General Ceramics Berhad proposes a bonus issue of one-for-one shares of 1 ringgit each by the capitalisation of 2.1m ringgits (U.S.$990,783) from reserves.

Pakistan in $100m deal with Saudis

By Chris Sherwell

ISLAMABAD — The governments of Pakistan and Saudi Arabia have agreed to establish a joint stock company with a share capital of $100m which will invest in agricultural and industrial projects in Pakistan. The agreement comes only two months after Pakistan and Libya agreed to form a joint holding company for similar purposes. A third agreement with Kuwait is expected soon.

The agreements, which are regarded here as a sign of the close ties between Pakistan and other Muslim countries, provide Pakistan with a useful source of foreign exchange. As with the Libyan agreement, the 50-50 arrangement with Saudi Arabia envisages the Saudis providing $50m-worth of convertible foreign exchange. Pakistan will furnish the equivalent in rupees.

Officials say the new joint development company will prefer private sector to public sector projects, a sign of the military government's disposition in favour of private enterprise in Pakistan. The company will also be allowed to raise additional capital internally or abroad.

Details of development projects which are under consideration are not yet known. A government spokesman said the company would be prepared to involve itself in "any viable project." He added that any announcement of company officials would have to await ratification of the agreement.

A representative of the Kuwait Government is expected here next week to complete details of the $25m joint company to be established between Pakistan and Kuwait.

Haw Par Group names banker as new chairman

SINGAPORE — Haw Par Brothers International has appointed Singapore banker and magnate, Mr. Wee Cho Yaw, as Chairman of the group.

The Board also confirmed the appointment of Mr. Stacey Ellis as group managing director.

Haw Par has been without a Chairman since March 1977 when the last incumbent, Mr. Michael Fam, left the group.

Mr. Fam, together with Mr. Wee and other bankers were brought in to help nurse Haw Par back to health in 1975 after its well known debacle under the hands of former Slater Walker executives.

Mr. Wee is Chairman of the United Overseas Bank (UOB) group and is on the board of several major companies including Sime Darby.

His appointment as Chairman of Haw Par, however, had been anticipated for quite some time. In June this year the UOB group announced that it has acquired eight million shares in Haw Par, representing 7.5 per cent of Haw Par's issued capital.

Mr. Stacey Ellis joined Haw Par in 1977 from Delta Metals of Great Britain, where he was the financial controller.

SP Fiji sale

JARDINE MATHESON has sold its 42 per cent interest in the Stinson Pearce Group in Fiji to Somerset Holdings, a company formed in Fiji by Mr. Peter Stinson, chief executive of the SP Group holding company. This makes the SP Group now wholly-owned by local Fiji shareholders.

Jardines will retain its association with the SP Group through the Fiji Insurance Company in which both Jardines and the SP Group are shareholders, and through International Insurance Holdings in New Zealand in which Mr. Stinson represents Jardines as chairman.

Hong Leong bid

SINGAPORE — The stock exchange of Singapore said trading in shares of Hong Leong Finance and Singapore Finance, suspended on December 12, will resume today (Friday). Hong Leong announced on Wednesday that it will make a new takeover offer for Singapore Finance after the registrar of companies advised it to withdraw a November 29 document and issue a new one.

Reuter

State takeover planned for UAE banks' property loans

BY OUR OWN CORRESPONDENT

ABU DHABI — United Arab Emirates President Sheikh Zayed declared yesterday (Thursday) the Government's intention of taking over all real estate and industrial loans from the commercial banks in the country. The two sectors absorb more than 40 per cent of the banks' portfolios.

The move by the President is a preliminary step to the establishment of two new national banking institutions, one a real estate bank with a capital of $250m, the other an indusrial bank with a capital of $130m.

According to reports from the Government news agency, the bank will take over all loans given to local citizens. All construction and industrial projects currently being financed by the commercial banks are to be transferred to the new state banks. A special committee has been formed of prominent UAE government officials and local merchants to oversee the banks' establishment, the agency reported.

The philosophy of the UAE citizens who have promoted the idea is that they are paying too high rates of interest to the commercial banks, and the president wished to create an institution whereby interest, strictly forbidden by the Koran, is not payable by local citizens.

The commercial logic behind the move is to promote more liquidity in the UAE market and to tackle the growing disaster of the UAE property market. In Abu Dhabi alone, some 25,000 flats are vacant, and UAE investors have found that the end result of their involvement in the property market, means they will never own their buildings. All rents are received by the banks and current receipts from the buildings, some of which are only 30 per cent occupied even in the capital, barely cover the interest payments.

The property market has proved an onerous burden for some of the country's 53 banks. Many feel their property holdings can be written off as bad debts, and welcome the establishment of a national real estate bank.

As one banker put it, "Now we can politely refuse local citizens and pass them on to their own national bank." Another admitted that his profits might fall a bit, "but it was in the interest of the UAE economy."

There were complaints, however, about the manner in which the move by the Government was announced.

Two questions arise about how the new banks will be used. One is wether local citizens will be forced to go to the state banks for loans, and the other is whether all existing loans in these sectors, including those whose long-term profitability is in doubt, will be taken over. As yet there is no indication about the Government's thinking, though one local citizen suggested the new banks may be selective about those loans they take over.

Although with few exceptions the bankers have welcomed the opportunity to unload the "duff" loans to the government, there is concern about the role of the industrial bank.

In the larger centres of Abu Dhabi and Dubai, the banks will be able to concentrate on finance of trading, but in the less active Emirates such as Fujeirah and Ral al Khaimah, questions will inevitably arise about what the banks will actually do there.

Another banker raised doubts that the real estate bank, with its capital of $250m could handle the existing construction portfolio of $1.7bn without further injections of cash from the government. He commented that "the mover has been ill thought out, conceived in less than a week.

Another felt it highly unlikely that the government "would allow all the rubbish to be thrown its way.

"Something has to be done about the real estate market, it is true, but if the government takes over the industrial projects too, what will the 53 banks in the UAE do?"

Bonuskor is back in profit

BY JIM JONES

JOHANNESBURG—Bonuskor's new management has lost little time in turning the troubled South African investment company back to profitability.

In March this year Bonuskor became a 51.3 per cent-owned subsidiary of the banking group Volkskas and the banking group's interim report for the six months ended September 30 shows that Bonuskor contributed a profit of R253,000 ($294,186) during that period.

This in no way implies that the minorities who stayed with the company after the change in control are likely to see any dividends on their investment for the next few years.

Bonuskor was formerly controlled jointly by Volkskas and Sanlam, the big insurance group, and the bank bought Sanlam's 26.5 per cent stake. This followed six months of unfruitful discussions between the two controllers on how to turn their investment around.

Bonuskor has been re-organised and its loss-making subsidiaries sold, but the management's prime objective is debt reduction. With Volkskas's implicit backing and probable holding of a large part of the debt, it is most unlikely that other lenders will pull out the plug.

No further stock write-offs should be necessary, but debt-reduction in the remaining trading subsidiaries is needed if they are to participate in any economic recovery.

Growing first-half losses in Bonuskor's construction equipment and timber and forestry subsidiaries and the now-liquidated property subsidiary meant that, despite new management, the company recorded a R4.8m ($5.6m) trading loss in its financial year to June 30, 1978. But by the financial year end, much of the dead wood had been cut out of the company and liquidity improved by a R7.9m ($9.2m) sale of a strategic 28 per cent interest in pharmaceutical manufacturer SA druggists.

Even so, at June 30, Bonuskor was still saddled with R48.4m of long- and short-term debt and paid interest of R6.4m in year.

Zim Israel Shipping sells assets to aid profitability

BY L. DANIEL

HAIFA—Zim Israel Shipping company has had to sell some of its assets this year to counter the declining profitability caused by the sluggish world shipping market, the Israeli seamen's strike earlier this year, a fire in one of its container ships, and the U.S. longshoremen's strike.

The company has sold nine of its older ships and hopes to be able to finish the year in balance, largely due to the building-up of new freight business in Asia and Africa, said Mr. Yehuda Rotem, a director. Three-fifths of Zim's expected gross income of $500m this year reflects trade between non-Israeli ports.

The company now operates a fleet of over 2.25m dwt, with the fastest business growth recorded in containers. The line now carries 50,000 containers, 20,000 of them company-owned and the remainder leased. Zim has begun to have its own containers made so as to double its stock and reduce leasing costs.

Zim intends to exploit the current decline in shipbuilding activity by ordering more modern vessels, both here and abroad, provided the prices of Israeli Shipyards Ltd. are competitive, Mr. Rotem added.

Asahi deals inquiry by Tokyo SE

TOKYO — The Tokyo Stock Exchange is conducting an investigation into alleged monopolistic buying of shares of Asahi Breweries by the Juzenkai group of hospitals in Kyodo, western Japan, an exchange spokesman said.

The exchange has so far not ascertained the extent of the group's purchases of the company's stocks, but it has found no abnormal rise in the price of the stock, he said.

He was commenting on a report in the national daily "Yomkuri Shimbun" that the group has bought about 20 per cent of the company's stocks using about Y10bn ($51m).

The exchange said it could do nothing about large purchases of a company's stocks, unless there is evidence of price rigging or insider trading.

The price of Asahi Breweries fell by Y29 to close at Y288 on the Tokyo Exchange yesterday after the newspaper report.

A spokesman for Asahi Breweries said that the company had been keeping a close watch on the situation.

Reuter

Profits up at Gakki

TOKYO — Nippon Gakki, the major Japanese musical instrument maker, raised net profits to Y3.1bn ($15.7m) from Y2.25bn in the half year to October 31.

Sales totalled Y137.8bn against Y136.6bn the year before.

For the current fiscal year ending next April 30, the company is forecasting net profits of Y6.1bn against Y4.6bn. Sales should rise to Y276bn from Y271.3bn.

AP-DJ

Growth indicators in Japan

TOKYO—Combined sales of 32 Japanese companies which ended their fiscal year at the end of July, totalled Y547.6bn, up 7.5 per cent from the year before, the National Tax Administration Agency said.

Profits of the 32 companies reported to the agency totalled Y28.8bn, up 24 per cent, the agency said.

Nippon Meat Packers Inc., one of three meat processors in Japan, reported that its profits in the July fiscal year totalled about Y10bn, the largest among the 32 companies, due to recent improved domestic sales of higher-priced foodstuffs.

Decete Limited, a sportswear maker, came second with about Y5bn in profits.

AP-DJ

APPOINTMENTS

COMPANY NOTICES

AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED (Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF PREFERENCE STOCK WARRANTS TO BEARER PAYMENT OF COUPON No. 62

[illegible]

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

CANADIAN PACIFIC LIMITED (Incorporated in Canada)

DIVIDEND NOTICE

OMRON TATEISI ELECTRONICS CO.

LEGAL NOTICES

[illegible]

PUBLIC NOTICES

DEPARTMENT OF TRANSPORT SEVERN BRIDGE TOLLS ACT 1965 PROPOSED REVISION OF TOLLS ORDER

[illegible]

OXFORDSHIRE COUNTY COUNCIL

BURNLEY BOROUGH COUNCIL

BERKSHIRE COUNTY COUNCIL BILLS

RESIDENTIAL PROPERTY

PHILLIMORE COURT
KENSINGTON HIGH ST. W8

OFFERS ARE INVITED

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

[illegible]

CLUBS

[illegible]

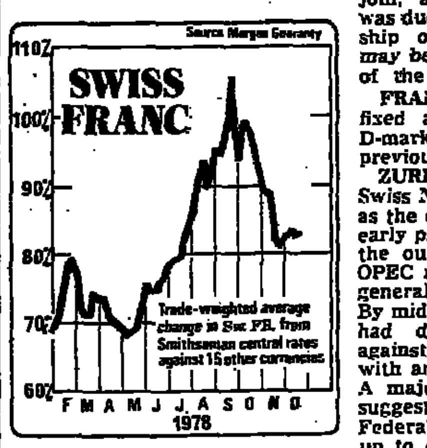
Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar falls in quiet trading

The dollar fell in fairly quiet trading despite continued support by central banks. It closed at the lowest level of the day against the D-mark at DM 1.8957½, compared with *DM 1.9045 previously*, and after touching a best level of DM 1.9080 in the morning. *Movements against the Swiss franc* were similar, with the dollar finishing at the day's low of SwFr 1.6895, compared with SwFr 1.7045 on Wednesday, and a high point of SwFr 1.7070.

The dollar fell to a low of Y195.35 against the Japanese yen, and closed at Y195.65, compared with Y196.20 previously. The lira was *also firmer against the dollar*,



but had a generally softer trend following the decision to join the European Monetary System. It finished at L848.10, compared with L848.85 on Wednesday.

On Morgan Guaranty figures, the dollar's trade-weighted depreciation widened to 8.6 *per cent* from 8.5 per cent.

Fears that the Organisation of Petroleum Exporting Countries will push up the price of oil at their meeting this weekend continued to be a major factor *behind the dollar's weakness*, although the market is expected to remain fairly quiet until Monday.

Sterling opened at its lowest point of the day at $1.9660-1.9670, and improved to $1.9720-1.9730 at *mid-day* as the dollar declined. In the afternoon it touched a high point of $1.9770-1.9780, but fell to $1.9725-1.9735 on disappointment at the *UK* trade deficit in November. Some late demand pushed the pound up in a thin market however, and it closed at $1.9760-1.9770, unchanged on the day. Sterling's *trade-weighted index*, as calculated by the Bank of England, fell to 63.1 from 63.2, after standing at 63.2 at noon and 63.1 in the morning.

NEW YORK—The dollar lost ground in early trading, and probably received support from the Federal Reserve. Fears of an oil price rise this weekend *depressed the U.S. currency*, while the decision of Italy to join the European Monetary System, and speculation that Ireland may also join, also hit the dollar. This was due to fears that the membership of two weaker currencies *may be followed by a revaluation* of the D-mark.

FRANKFURT—The dollar was fixed at DM 1.9050 against the D-mark, compared with DM 1.9096 previously.

ZURICH — Intervention by the *Swiss National Bank* was required as the dollar came under renewed early pressure. Uncertainty about the outcome of the forthcoming OPEC meeting contributed to the general nervous, but slow trading. By *mid-morning* the U.S. currency *had declined to SwFr 1.7005* against the Swiss franc, compared with an early rate of SwFr 1.7055 A major Swiss commercial bank suggested yesterday that the U.S. Federal Reserve may have spent up to one-third *of the* $30bn the U.S. *had available to defend the* dollar at the beginning *of* November.

AMSTERADM — The dollar improved to Fl 2.0670 *in* the afternoon, *from a* fixing level of Fl 2.0655, compared with Fl 2.0695 *on Wednesday. In late trading* it fell to Fl 2.0555 however.

PARIS—The dollar lost ground in late trading, following remarks by *Mr. Michael Blumenthal*, the U.S. Treasury Secretary, and the suggestion of a major Swiss bank that support for the dollar by the Federal Reserve since early November may have totalled $10bn. The U.S. currency closed at FFr 4.3600, compared with FFr 4.3802½ previously, while sterling fell to FFr 8.5960 from FFr 8.6350.

TOKYO — The dollar eased in quiet trading, closing at Y196.75, compared with Y196.90 on *Wednesday*.

THE POUND SPOT

Dec. 14	Bank rate %	Day's Spread	Close
U.S. $	9½	1.9660-1.9780	1.9760-1.9770
Canadian $	10¾	2.3200-2.3390	2.3345-2.3355
Guilder	6½	4.05½-4.08¾	4.05¾-4.06¾
Belgian F	6	58.20-58.55	58.30-58.40
Danish K	8	10.40½-10.45½	10.41-10.42
D-Mark	5	3.74½-3.76½	3.74½-3.75½
Port. Esc.	18	91.70-92.60	92.10-92.50
Span. Pes.	8	140.40-140.80	140.70-140.80
Lira	10½	1,669-1,677	1,674-1,675
Nrwgn. K.	7	10.12-10.15	10.12½-10.13½
French Fr.	9½	8.60-8.63½	8.60½-8.61½
Swedish Kr.	6½	8.70-8.74½	8.70½-8.71½
Yen	3½	384-392	386-388
Austria Sch.	4½	27.40-27.55	27.45-27.50
Swiss Fr.	1	3.33-3.36½	3.33½-3.34½

Belgian rate is for convertible francs. Financial franc 60.20-60.30.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.42-0.32c pm	2.25	1.12-1.02c pm	2.44
0.65-0.55c pm	3.08	1.60-1.50c pm	2.66
1⅝-⅝c pm	2.58	4-3c pm	3.45
25-15c pm	4.04	65-55c pm	4.10
par-2 ore dis	-1.15	2-4 ore dis	-1.15
3½-2½ pf pm	9.30	8½-7½ pf pm	8.80
50-105c dis	-10.73	150-320c dis	-7.66
45-115c dis	-6.82	210-310c dis	-7.96
3-5 lire dis	-2.87	10-13 lire dis	-2.76
4-2 ore pm	3.56	10¾-8¾ ore pm	1.40
5-2 c pm	3.49	9-8 c pm	3.92
4-2 ore pm	4.15	10½-8½ ore pm	4.23
4.10-3.80y pm	9.5	10.75-10.40y pm	9.60
15-5 gro pm	4.37	43-33 gro pm	5.53
4⅝-3⅝ c pm	13.93	11¼-10¼ c pm	13.33

Six-month forward dollar 2.00-1.90c pm. 12-month 3.97-3.82c pm.

THE DOLLAR SPOT

December 14	Day's spread	Close
Canad'n $*	84.49-84.80	84.49-84.51
Guilder	2.0545-2.0665	2.0545-2.0565
Belgian Fr	30.04-30.15½	30.04-30.06
Danish Kr	5.2770-5.3105	5.2770-5.2795
D-Mark	1.8970-1.9063	1.8978-1.8988
Port. Esc	46.65-46.85	46.65-46.85
[illegible]	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.02-0.05c pm	0.48	0.10-0.13c pm	0.54
0.13-0.08c pm	1.04	0.82-0.75c pm	2.82
5-3½c pm	1.66	17-15c pm	2.00
1.25-1.75ore dis	-3.35	4-4.50ore dis	-3.17
1.12-1.07pf pm	6.76	3.56-3.49pf pm	7.41
43-53c dis	-12.32	90-160c dis	-10.69
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

December 13 — Special Drawing Rights — European Unit of Account

[illegible]

CURRENCY MOVEMENTS

[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 14	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.977	3.750	387.5	8.610	3.340	4.063	1675.	2.335	58.35
U.S. Dollar	0.506	1.	1.897	195.8	4.356	1.690	2.055	847.3	1.181	30.05
Deutsche mark	0.267	0.527	1.	103.2	2.296	0.891	1.083	446.5	0.623	15.83
Japanese Yen 1,000	2.584	5.107	9.690	1000.	22.25	8.630	10.50	4327.	6.034	153.4
French Franc 10	1.161	2.296	4.355	449.5	10.	3.879	4.718	1945.	2.712	68.95
Swiss Franc	0.299	0.592	1.123	115.9	2.578	1.	1.216	501.5	0.699	17.77
Dutch Guilder	0.246	0.487	0.923	95.36	2.119	0.822	1.	412.3	0.575	14.61
Italian Lira 1,000	0.597	1.180	2.239	231.1	5.142	1.995	2.426	1000.	1.394	35.44
Canadian Dollar	0.428	0.846	1.606	165.7	3.687	1.430	1.740	717.1	1.	25.42
Belgian Franc 100	1.685	3.328	6.318	652.1	14.51	5.628	6.846	2821.	3.934	100.

EURO-CURRENCY INTEREST RATES

Dec. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-11¾	9⅝-10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	12¼-12¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	12⅞-13¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	13⅛-13½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	13⅛-13½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14½-15½	11⅝-11⅞	2⅛-3⅛
One year	13⅛-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16-17	11⅝-11⅞	2⅝-3⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.50-10.60 per cent; three months 11.05-11.15 per cent; six months 11.50-11.60 per cent; one year 11.30-11.40 per cent.

Long-term Eurodollar deposits: Two years 10⅞-10⅜ per cent; three years 10⅞-10⅜ per cent; four years 10¹/₁₆-10¹¹/₁₆ per cent; five years 10⁵/₁₆-10⁹/₁₆ per cent, nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German liquidity moves

The Bundesbank yesterday cut credit institutes' rediscount contingent by DM 5bn to DM 22bn, a move which was generally unexpected by the market. The reduction in the amount of funds available to banks came as something of a surprise, and is intended to counter the increase in liquidity caused by the Bundesbank's recent intervention in the foreign exchange market. At the same time the Bundesbank announced a money supply growth target for 1979 of between 6 per cent and 9 per cent, *the first time that an exact figure* has not been specified.

Interbank money rates were easier where changed. Call money remained at 3.45-3.5 per cent while *one-month money* slipped to 4.15-4.25 per cent from 4.2-*4.3 per cent previously. Both the* three and *six-month* rates fell to 4.1-4.2 per cent against 4.15-4.25 per cent and 12-month money was *unchanged* at 4.2-4.3 per cent.

NEW YORK—Federal funds were trading at 9¹³⁄₁₆-9¹⁵⁄₁₆ per cent with activity at a rather low level. Treasury bills rates were also static and 13-week bills were quoted unchanged at 8.89 per cent from late Wednesday. 26-week bills were slightly up at 9.20 per cent from 9.19 per cent while one year bills stood at *9.24 per cent after 9.25 per cent*.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed very little *movement* yesterday, and the one and three-month rates were unchanged at 9¼-9¾ per cent and 9⅝-9⅞ per cent *respectively. Both six and 12-*month deposits were quoted at 8⅝-8⅞ per cent compared with 8⅝-8⅞ per cent previously.

PARIS—French money market rates were little changed from Tuesday, with call money at 6⅞ *per cent, one-month money at* 6⁷⁄₁₆-6¹¹⁄₁₆ per cent and three-month funds at 6¾-6⅞ per cent. The six-month rate *was quoted at* 6⅞-7 *per* cent while the one-year rate stood at 7¼-7⅜ per cent.

AMSTERDAM — Interbank money rates were generally steady with *call money at* 8¼-9¾ per cent *from* 7¾-8½ per cent and one-month money unchanged at 10¼-10⅜ per cent. The three-month rate eased *slightly* to 10¼-10⅜ per cent from 10¼-10½ per cent while 12-month remained at 9¼-9¾ per cent.

MILAN—Money rates were unchanged throughout from 10¼-10⅜ per cent for call money to 11¼-11½ per cent for three-month.

TEL AVIV—The cost of overdrafts and commercial loans is to be increased by 3 per cent to 37½ per cent as one of the moves intended to tighten bank credit arrangements. This follows a decision by the Bank of Israel to increase substantially the fines on banks operating credit agreements *beyond the limit laid down*.

HONG KONG—Conditions in the money market were generally easy, with *call money* at 7¾ per cent and overnight business dealt at 7 per cent.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12½ per cent
(since November 9, 1978)

Conditions in yesterday's money market were not quite as straight forward as had been originally anticipated, and the authorities reacted to the rather patchy supply of credit by buying a *moderate* amount of Treasury bills, all direct from the discount houses. This should leave bank balances well over for today and *while houses were paying* 11½-11¾ per cent for secured call loans at the start, rates fell away at the close to around 8 *per cent* and as low as 7½ per cent in places.

The market was faced with a small net take up of Treasury *bills and a small increase in the* note circulation.

In the interbank market, overnight money opened at 11⅞-12 per cent and eased to 11¼-11½ per cent, a level which saw a fair amount of business. Rates then tended to fall away through 10½-10¾ per cent in early afternoon to close around 7-7½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Dec. 14 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	7-12	—	—	—	11⅞	7¼-11⅝	—	—	—
2 days notice	—	—	11⅞-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12½	—	—	—	—
7 days notice	—	11⅞-12	12-12¼	—	12⅛	—	11½-12	—	—	—
One month	12¹⁄₁₆-12³⁄₁₆	12⅛-12⅝	12¹⁄₁₆-12¼	12-12⅝	12½	12⅝	12	11⁷⁄₁₆-11½	12⅛	12½
Two months	12¹⁄₁₆-12¼	12⅛-12¼	—	12-12⅝	12⅝	12⅝	12	11¾	12⅛-12³⁄₃₂	12½
Three months	12¹⁄₁₆-12¹⁄₁₆	12¼-12⅝	11⅞-12⅛	11⅞-12⅝	12¾	—	12	11⅝	12⅛-12³⁄₁₆	12⅝
Six months	12¹⁄₁₆-11¹⁵⁄₁₆	12⅛-12¼	11¾-11⅞	11¾-12	12⅝	—	—	—	11⅝-11¹⁵⁄₁₆	12¾
Nine months	11⅞-11¾	11⅞-12	—	11⅝-12⅛	12⅝	—	—	—	—	—
One year	11¾-11⅝	11⅞-12	11¾-11⅞	11⅝-11⅞	12⅝	—	—	—	—	—
Two years	—	—	12-12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12⅝-12¾ per cent; four years 12⅝-12¾ per cent; five years 12⅝-12¾ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¹⁵⁄₁₆ per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11⁷⁄₁₆-11⅜ per cent; and two-month 11⅝ per cent; three months 11½-11¹⁵⁄₃₂ *per cent*. Approximate selling rate for one-month bank bills 11¹⁵⁄₁₆ per cent; two-month 11¹⁵⁄₁₆-12 per cent; and three-month 11¹⁵⁄₁₆-12 per cent; one-month trade bills 12⅝ per cent; two-month 12⅝ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent from December 1, 1978. Clearing Bank *Deposit Rates for small sums at seven days' notice 10 per cent*. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5562 per cent.

GOLD

Firmer trend

Gold rose $1 to $203⅜-204⅜. It opened at $202⅜-203⅜, and was fixed at $202.80 in the morning and $204.00 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 28,800 per kilo ($204.77 per ounce) in the afternoon, and at FFr 28,830 ($205.07) in the morning, compared with FFr 28,850 ($205.65) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,455 per kilo ($203.06 per ounce) compared with DM 12,480 ($203.80) previously.

	Dec. 14	Dec. 13
Gold Bullion (a fine ounce)		
Close	$203⅜-204⅜	$202⅜-203⅜
Opening	$202⅜-203⅜	$202⅜-203⅜
Morning fixing	$202.80 (£102.824)	$205.00 (£103.051)
Afternoon fixing	$204.00 (£103.178)	$202.85 (£102.949)
Gold Coins domestically		
Krugerrand	$216⅜-218⅜ (£109⅜-110⅜)	$214⅜-216⅜ (£108⅜-109⅜)
New Sovereigns	$61-65 (£31-32)	$61½-63½ (£31-32)
Old Sovereigns	$58-60½ (£29½-30½)	$58-61 (£29⅜-30⅜)
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK

Prime Rate · Fed Funds · Treasury Bills (13-week) · Treasury Bills (26-week) [illegible]

GERMANY

Discount Rate · Overnight · One month · Three months · Six months · Discount Rate [illegible]

FRANCE

Discount Rate · Overnight · One month · Three months · Six months [illegible]

JAPAN

Discount Rate · Call (Unconditional) · Bills Discount Rate [illegible]

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هكذا من الأصل

11th December 1978

WestLB Euro-Deutschmarkbond Quotations and Yields

Advertisement

Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment D – mandatory drawing by lot at par S – sinking fund
8% ADELA 76/83	106.00	7.55	4.30	6.35	1. 4.83
7½% ADELA 77/82P	101.00	7.18	3.51	6.90	16. 6.82
7% ADELA 77/82P	100.50	6.97	3.64	6.82	1. 8.82
6% AEG 66/87	106.00	5.66	1.83	2.21	1. 2.72—81D
6½% Airport Paris 69/84P (G)	100.00	6.50	3.16	6.49	1. 3.75—84D
9% AKZO 75/82P	106.00	8.49	3.14	6.80	1. 2.82
7¾% AKZO 76/83P	104.75	7.40	4.47	6.48	1. 6.83
6% AKZO 78/84P	99.50	6.03	5.30	6.10	1. 4.84
8¼% Alusuisse Int'l 75/83	109.75	7.52	3.02	5.21	1. 8.81—83D
6½% AMEX Int'l 77/84P	101.25	6.67	5.30	6.45	1. 4.84
10% A.P.E.L. 74/81 (G)	109.00	9.17	1.85	5.04	1.12.77—81D
7½% ARBED Finance 76/83P	103.00	7.52	4.99	7.00	1.11.83
6½% ARBED Finance 77/87	99.50	6.78	8.47	6.82	1. 6.83—87S
8¾% Ardal-Sunndal 75/81P	105.00	8.33	2.55	6.70	1. 7.81
6¾% Ardal-Sunndal 77/89P	100.25	6.73	6.88	6.69	1. 7.82—89D
7% Argentine 67/79	102.00	6.86	0.97	4.83	1.12.70—79S
8% Argentine 69/79	102.00	7.84	0.97	5.93	1.12.72—79S
7½% Argentine 77/84	102.85	7.29	5.80	6.88	1.10.84
6½% Argentine 78/85	96.75	6.72	6.22	7.16	1. 3.85
6½% Argentine 78/88	95.37	6.82	7.82	7.23	1.11.84—88D
7% Asian Dev. Bk. 69/84	103.25	6.78	3.14	5.93	1. 9.75—84S
8½% Asian Dev. Bk. 75/80P	105.00	8.10	1.93	5.03	16.11.80
8% Asian Dev. Bk. 76/82	104.90	7.63	3.22	6.26	1. 3.82
7¾% Asian Dev. Bk. 76/83P	105.00	7.38	4.30	6.37	1. 4.83
7% Asian Dev. Bk. 77/85	102.65	6.82	6.30	6.47	1. 4.85
5½% Asian Dev. Bk. 78/88	93.50	5.88	9.39	6.44	1. 5.88
9½% ASKO 75/80P	103.75	9.16	1.30	6.36	1. 4.80
7¾% Aumar 73/88 (G)	107.50	7.30	4.90	7.20	1. 2.79—88D
9% Aumar 76/84 (G)	105.25	8.55	3.08	7.02	15. 8.77—84S
7¾% Aumar 73/88 (G)	103.25	7.51	5.59	7.01	1. 7.84
6½% Australia 67/82	103.75	6.27	2.35	4.77	1.11.73—82S
6¾% Australia 68/83	106.35	6.35	2.69	4.18	1. 8.74—83S
6½% Australia 69/84	105.00	6.19	3.09	4.79	1. 2.75—84S
7¼% Australia 69/84	106.00	6.84	3.31	5.32	1.11.75—84S
7% Australia 72/87	103.25	6.78	4.67	6.17	1. 2.78—87S
10% Australia 74/80	109.25	9.15	1.80	4.02	1.10.80
9% Australia 75/82	112.00	8.04	3.34	4.78	1. 2.82
8¼% Australia 75/82 IP	108.25	7.62	3.30	5.44	1. 4.82
8¼% Australia 75/82 IIP	107.50	7.67	3.39	5.73	1. 5.82
7¼% Australia 76/83	108.25	6.70	4.22	5.02	1. 3.83
5¼% Australia 77/82P	101.50	5.17	3.80	4.80	1.10.82
5¾% Australia 77/89	98.50	5.84	10.89	5.94	1.11.85—89S
6% Australia 78/88	101.45	5.91	9.72	5.30	1. 9.88
6¾% Austr. Ind. Dev. Corp. 72/87	101.75	6.63	4.68	6.30	1.11.78—87D
8% Austr. Ship. Com. 76/83P (G)	105.00	7.62	4.72	6.72	1. 9.83
7% Rep. of Austria 68/82	104.25	6.71	1.78	4.52	1. 4.73—82S
6½% Rep. of Austria 69/83	100.75	6.45	2.24	6.23	1. 4.75—83S
9½% Rep. of Austria 74/79P	102.50	9.27	0.55	4.71	1. 7.79
9¾% Rep. of Austria 74/80P	109.00	8.94	1.89	4.64	1.11.80
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7½% Europ. Inv. Bank 71/86	105.00	7.38	4.14	6.33	1.10.77—86D
6½% Europ. Inv. Bank 72/87	103.00	6.31	4.57	5.73	1. 3.78—87D
6% Europ. Inv. Bank 72/87	99.75	6.02	5.07	6.05	1. 9.80—87D
6¾% Europ. Inv. Bank 73/88	101.40	6.66	5.13	6.41	1. 2.79—88S
7% Europ. Inv. Bank 73/88	102.25	6.85	5.25	6.47	1. 7.79—88S
10 Europe Inv. Bank 74/81P	109.75	9.11	2.72	5.99	1. 9.81
8% Europ. Inv. Bank 75/80	106.45	7.52	1.97	4.50	1.12.80
9½% Europ. Inv. Bank 75/83	110.25	8.62	3.03	5.72	1. 1.81—83D
8% Europ. Inv. Bank 76/83	107.75	7.42	3.02	5.13	1. 7.80—83D
7¾% Europ. Inv. Bank 76/83P	106.50	7.28	4.00	6.14	1.10.83
6¾% Europ. Inv. Bank 76/84	104.00	6.49	4.43	5.70	1.12.81—84D
6 Europ. Inv. Bank 77/89	98.90	6.07	6.98	6.19	1. 8.82—89D
6 Europ. Inv. Bank 78/88P	98.50	6.09	9.64	6.21	1. 8.88
5¼% Europ. Inv. Bank 78/90	91.10	5.76	8.63	6.03	1. 3.85—90D
6% Europ. Inv. Bank 78/90	97.00	6.19	11.80	6.37	1.10.90
8¼% Europistas 71/86 (G)	103.90	7.94	4.00	7.23	1. 2.77—86D
8% Europistas 72/87 (G)	103.40	7.74	4.37	7.21	1. 1.78—87D
7½% Fin. Inst. f. Dan. Ind. 76/81P	102.00	7.35	2.09	6.44	1.12.78—81S
6¼% Finland 64/79	101.00	6.19	0.72	4.85	1. 9.70—79D
6% Finland 64/80	101.25	5.93	1.06	4.83	2. 1.71—80D
7% Finland 68/83	101.75	6.88	2.41	6.30	1. 6.72—83D
6¾% Finland 68/83	100.80	6.70	2.91	6.55	1.12.72—83D
7% Finland 69/84	101.00	6.93	2.79	6.71	2. 5.73—84D
7½% Finland 69/84	102.80	7.30	3.21	6.62	1.10.73—84D
7% Finland 72/87	100.80	6.94	4.03	6.88	1. 4.78—87S
8% Finland 76/84	103.50	7.73	3.23	6.93	1. 6.81—84S
5½% Finland 78/83P	96.50	5.70	4.14	6.49	1. 2.83
5¾% Finland 78/86	96.00	5.99	7.14	6.46	1. 2.86
7½% Finn. Kommunal 69/81 (G)	102.00	7.35	1.95	6.49	1.12.72—81D
8% Finn. Kommunal 71/83 (G)	102.75	7.79	2.32	6.80	2. 5.76—83D
8¼% Forsmarks 75/83 (G)	106.50	7.75	3.02	5.82	1. 7.80—83D
5¾% Forsmarks 78/90 (G)	94.25	6.10	7.42	6.76	16. 1.83—90D
7½% Francerel 76/83 (G)	105.10	7.14	4.84	6.24	16.10.83
6¾% Francerel 77/84P (G)	103.00	6.55	5.30	6.06	1. 4.84
7% Fuji Heavy 76/81P	101.00	6.93	2.97	6.52	1.12.81
9¼% Gen. Zbk. Vienna 75/82P	110.00	8.41	3.22	5.74	1. 3.82
8½% Gen. Zbk. Vienna 76/83P	106.00	8.02	3.63	6.59	1. 2.82—83D
6% Gen. Zbk. Vienna 77/87	99.00	6.06	6.91	6.18	1.12.83—87D
9¾% Giroz. Vienna 74/78P	104.50	9.33	0.97	4.88	due 1.12.78
9¾% Giroz. Vienna 74/80P	107.00	9.11	1.97	5.88	1.12.80
7% Giroz. Vienna 76/81	103.75	6.75	2.89	5.55	1.11.81
7¼% Giroz. Vienna 76/83	106.00	6.84	4.89	5.80	1.11.83
5½% Giroz. Vienna 77/82	101.75	5.41	3.80	4.98	1.10.82
5¾% Giroz. Vienna 78/86P	99.00	5.81	7.80	5.91	1.10.86
6% G. I. S. 78/83P	98.25	6.11	4.22	6.48	1. 3.82—83D
9¾% Goeteborg 75/85P	107.50	9.07	4.06	7.53	1. 2.81—85D
7% Grand Metrop. Fin. 77/84	101.75	6.88	4.10	6.49	1. 8.81—84S
7¼% Guardian Inv. 73/83P	101.00	7.18	2.07	6.70	1. 2.79—83D
8% Guest-Keen-Nettl. 76/83	107.00	7.48	4.39	6.12	2. 5.83
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8½% Int. Am. Dev. Bank 70/85	108.85	7.81	3.61	5.33	1. 6.78—87S
6¾% Int. Am. Dev. Bank 72/87 I	100.50	6.72	4.45	6.60	1.11.78—87S
6¾% Int. Am. Dev. Bank 72/87 II	101.00	6.68	4.87	6.50	16. 2.83
8% Int. Am. Dev. Bank 76/83P	105.00	7.62	4.18	6.58	1. 7.83
8¼% Int. Am. Dev. Bank 76/83P	106.00	7.78	4.55	6.66	1. 1.83—87S
7% Int. Am. Dev. Bank 77/87	102.50	6.83	5.29	6.48	1. 1.88
6¼% Int. Am. Dev. Bank 78/88	98.50	6.35	9.05	6.47	1. 6.79—83D
6¾% Int'l. Com'l. Bank 73/83	101.50	6.65	2.41	6.04	due 1.12.78
8¼% Ireland 76/81	104.75	7.88	2.05	5.73	1. 1.81
5¾% I R I ex. warr. 64/79 (G)	98.80	5.82	0.55	8.17	30. 6.75—79D
7¾% ISCOR 71/86 (G)	100.30	7.73	3.77	7.80	1. 6.77—86D
7% ISCOR 72/87 (G)	96.75	7.24	4.04	8.11	1. 4.78—87D
7% ISCOR 73/88 (G)	95.95	7.30	4.98	8.01	16.12.79—80D
8½% ISCOR 73/88 (G)	101.90	8.34	5.07	8.02	1. 3.79—88D
8¼% ISCOR 77/80 IP (G)	101.00	8.17	1.76	7.59	1.11.79—89D
8¼% ISCOR 77/80 IIP (G)	101.00	8.17	1.50	7.52	16. 9.79—80D
7¾% ISCOR 78/82P (G)	100.00	7.75	2.79	7.72	1. 4.81—82D
8¼% ISCOR 78/84P (G)	100.50	8.21	5.84	8.13	16.10.84
6% Japan 64/79	100.00	6.00	0.47	6.08	1. 6.70—79D
7% Japan 68/83	103.50	6.76	2.17	5.33	1. 3.72—83S
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6% Norges Komm.-Bank 78/90 (G)	97.75	6.14	11.64	6.27	1. 8.81—90S
8½% Norpipe 76/84	106.00	8.02	3.48	6.51	1. 2.80—84S
8% Norpipe 76/88	106.50	7.51	6.87	6.77	1. 6.83—88S
6% Norpipe 77/89	99.75	6.02	10.89	6.03	1.11.84—89D
7¼% Norsea Gas 76/88	103.60	7.00	7.38	6.62	1.12.83—88S
7% Norsea Gas 77/89	102.00	6.86	8.66	6.68	1. 7.84—89S
9% Norsk Hydro 75/87	108.25	8.31	4.55	6.82	1. 3.80—87D
8% Norsk Hydro 76/88	107.00	7.48	6.71	6.66	1. 4.83—88S
6¾% Norsk Hydro 77/89	102.50	6.59	7.25	6.30	1. 6.82—89S
8¼% Norway 75/80	104.75	7.88	1.39	4.60	1. 5.80
8¼% Norway 75/80P	104.00	7.93	1.47	5.31	1. 6.80
7¾ Norway 75/80	104.75	7.40	1.97	5.15	1.12.80
7% Norway 76/81	104.25	6.71	2.39	5.05	1. 5.81
7½% Norway 76/81	106.25	7.06	2.55	4.82	1. 7.81
6½% Norway 77/82	103.75	6.27	3.05	5.14	1. 1.82
6¼% Norway 77/82	103.25	6.05	3.30	5.14	1. 4.82
5¾% Norway 77/82	102.25	5.62	3.64	5.05	1. 8.82
4¾% Norway 78/83	98.75	4.81	4.05	5.10	1. 1.83
4¾% Norway 78/83	97.10	4.51	4.30	5.14	1. 4.83
7¼% Norw. Mortgage 77/87	105.50	6.87	6.37	6.17	16. 5.83—87D
6% Norw. Mortgage 77/89	98.25	6.11	7.27	6.31	16.11.82—89D
7¾% Nova Scotia 71/86	104.25	7.43	4.30	6.71	1.12.77—86D
7% Nova Scot. Power 72/87	102.50	6.83	4.98	6.39	1.12.78—87S
6½% Occident. Overs. 68/83	102.50	6.34	2.75	5.58	1.10.72—83S
6% Oester. Donaukr. 59/84 (G)	102.50	5.85	3.09	5.18	1. 2.65—84D
6¾% Oester. Donaukr. 73/88 (G)	101.25	6.67	4.92	6.44	1. 3.79—88S
8¾% Oest. Draukr. 75/85 (G)	108.75	8.05	4.16	6.28	1. 3.81—85D
7% Oest. El. Wirtsch. 67/87 (G)	105.75	6.62	4.49	5.61	1. 2.73—87D
7% Oest. El. Wirtsch. 76/83P (G)	104.00	6.73	5.01	6.05	16.12.83
5¾% Oest. Ind. Verwaltung 78/85P (G)	98.00	5.87	6.58	5.87	1. 7.85
10¼% Oest. Inv. Kredit 74/79P	104.50	9.81	0.84	4.65	16.10.79
9½% Oest. Kontrollbank 74/79 IP (G)	103.00	9.22	0.47	2.90	1. 6.79
9½% Oest. Kontrollbank 74/79 IIP (G)	103.00	9.22	0.55	3.83	1. 7.79
7% Oest. Kontrollbank 76/83P (G)	103.00	6.80	4.97	6.28	1.12.83
6¾% Oest. Kontrollbank 77/84P (G)	102.00	6.62	5.14	6.28	1. 2.84
6½% Oest. Kontrollbank 77/84P (G)	100.75	6.45	5.55	6.32	1. 7.84
6¼% Oest. Kontrollbank 77/84P (G)	100.00	6.25	5.64	6.24	1. 8.84
6% Oest. Kontrollbank 77/85P (G)	100.00	6.00	6.89	6.00	1.11.85
5¾% Oest. Kontrollbank 78/84P (G)	99.50	5.78	5.64	5.85	1. 8.84
5½% Oest. Landerbank 77/82	100.75	5.46	3.97	5.28	16.12.88
6¼% O K O 64/79 (G)	100.00	6.25	0.89	6.34	1.12.82
6½% Ontario 69/84	102.25	6.36	3.08	5.77	1.11.70—79D
6% Ontario 72/87	101.60	5.91	5.08	5.62	1. 2.75—84D
7% Ontario Hydro 69/84	102.50	6.83	3.05	6.18	1. 9.80—87D
7½% Ontario Hydro 71/86	103.00	7.28	4.30	6.67	1. 8.75—84D
6½% Ontario Hydro 72/87	102.25	6.36	4.82	5.94	1.12.77—86D
6½% Ontario Hydro 73/88	102.00	6.37	5.57	6.06	1. 6.80—87D
6½% Osaka 64/79 (G)	100.25	6.48	0.06	1.96	1. 3.81—88D
6¼% Osaka 65/80 (G)	100.25	6.23	1.14	6.10	due 2. 1.79
6% Oslo 64/79	100.00	6.00	0.30	6.05	1. 2.71—80D
5¾% Oslo 65/80	100.00	5.75	1.22	5.82	due 1. 4.79
7% Oslo 67/79	100.25	6.98	0.22	5.67	1. 3.71—80D
7½% Oslo 69/84	104.75	7.16	3.30	5.98	due 1. 3.79
7½% Oslo 71/87	102.25	7.33	4.57	7.03	1.11.75—84D
6¾% Oslo 73/90	100.75	6.70	5.87	6.58	2. 1.78—87S
9% Oslo 75/87	106.50	8.45	4.18	7.13	1. 7.76—90S
6¾% Papua 73/88	102.20	6.60	5.26	6.24	1. 3.78—87S
6¾% Parker-Hannifin 77/87P	100.00	6.75	6.40	6.74	1. 7.79—88S
8¾% Pemex 76/83	109.80	7.97	4.97	6.38	1. 6.83—87D
7% Pemex 77/84	101.50	6.90	5.72	6.67	1.12.83
7% Pemex 78/86	101.65	6.89	7.05	6.70	1. 9.84
7% Petrobras 77/84	100.40	6.97	5.80	6.91	1. 1.86
7% Petrobras 78/88	99.40	7.04	7.73	7.10	1.10.84
7¼% Philippine 77/84	99.75	7.27	5.89	7.30	1.10.84—88D
6¾% Philippine 78/85	96.37	7.00	6.30	7.48	1.11.84
8¾% Philips 75/81P	105.00	8.33	2.30	6.32	1. 4.85
8½% Philips 75/81P	104.50	8.13	2.34	6.34	1. 4.81
8¾% Philips 75/82	105.60	8.29	3.26	6.76	15. 4.81
5¾% PK-Banken 78/88	94.00	6.12	7.32	6.81	15. 3.82
9¼% Plastm. Malmoe 75/80P	104.50	8.85	1.39	5.73	1. 5.84—88D
7¼% Privatbk. Copenh. 77/83P	102.50	7.07	4.30	6.55	1. 5.80
6¼% Pyhrn Autobahn 77/89 (G)	99.00	6.31	8.13	6.41	1. 4.83
6½% Quebec 72/87	100.35	6.48	4.35	6.39	1. 9.84—89D
7½% Quebec 77/87	103.35	7.26	8.14	6.94	1. 7.78—87D
7¼% Quebec 77/87	102.25	7.09	8.47	6.88	1. 2.87
6% Quebec 78/90	96.00	6.25	8.79	6.61	1. 6.87
6¾% Quebec Hydro El. 69/84	103.00	6.55	3.08	5.75	1. 5.85—90D
7¼% Quebec Hydro El. 69/84	103.50	7.00	3.13	6.09	1. 2.75—84S
8% Quebec Hydro El. 71/86	106.00	7.55	4.06	6.40	1. 9.75—84D
6½% Quebec Hydro El. 72/87	100.50	6.47	4.10	6.35	1. 9.77—86D
6½% Quebec Hydro El. 73/88	100.60	6.46	4.47	6.33	1. 4.78—87D
6½% Quebec Hydro El. 77/87	100.50	6.47	8.68	6.42	1. 3.79—88D
6¼% Quebec Hydro El. 77/87	99.75	6.27	8.97	6.29	16. 8.87
8½% Queensland Alu. 70/85	105.25	8.08	3.75	7.00	1.12.87
5¾% Rautaruukki 78/88 (G)	94.25	6.10	7.24	6.77	1.11.76—85S
7¼% Reed Paper 73/88	102.50	7.07	4.84	6.63	1. 4.84—88D
8½% Renfe 76/82 (G)	106.10	8.01	3.55	6.50	1. 1.79—88S
8% Renfe 77/84 (G)	106.00	7.55	5.30	6.61	1. 7.82
5¼% Ricoh Comp. 78/83P	100.10	5.24	4.64	5.22	1. 4.84
7¾% SAAB 71/86	104.00	7.45	3.99	6.70	1. 8.83
10¼% SAFE 74/79P	105.00	9.76	0.89	4.35	1. 6.77—86S
7½% Saga Petrokjemi 77/87P	102.50	7.32	6.49	7.00	1.11.79
7½% Sandvik 72/87	102.75	7.30	4.46	6.76	1. 7.83—87S
9¼% Sandvik 75/83	111.25	8.31	4.14	6.08	1. 2.78—87D
7% Sanko Steamship 77/84	103.25	6.78	5.14	6.24	1. 2.83
9% S.A.P.L. 75/80P (G)	105.50	8.53	1.22	4.25	1. 2.84
6½% Shell Int'l. 72/87	104.00	6.25	4.13	5.38	1. 3.80
6¾% Shell Int'l. 77/89	104.75	6.44	8.08	5.99	1. 4.78—87S
8¼% Ship. Co. New Zeal. 75/80P (G)	104.00	7.93	1.47	5.32	1. 2.85—89D
8½% Ship. Co. New Zeal. 75/82 IP (G)	103.00	8.25	3.44	7.45	3. 6.80
8½% Ship. Co. New Zeal. 75/82 IIP (G)	103.00	8.25	3.46	7.46	22. 5.82
7% Siemens Europe 66/81	102.50	6.83	1.87	5.54	27. 5.82
7% Singapore 72/82	102.75	6.81	2.02	5.62	1.11.70—81S
6½% Singapore 77/83	100.25	6.48	4.39	6.42	1. 7.78—82S
8¾% Singapore Airl. 76/83 (G)	103.00	8.50	2.07	7.12	1. 5.83
8½% Sira Kvina 70/85	104.50	8.13	3.33	7.08	clld.p. 1. 2.79(102)
6½% S.N.C.F. 68/83 (G)	103.00	6.31	2.75	5.29	1. 6.76—85D
7½% Soc. Dev. Reg. 76/86 (G)	103.65	7.24	4.54	6.53	1.10.72.83S
6¼% Soc Dev. Reg. 77/92P (G)	97.00	6.44	9.24	6.70	1. 4.80—86D
9% Soc. Mar. Fina 75/83P	104.50	8.61	2.57	7.00	16.12.83—92D
6¾% South-Africa 69/84	100.00	6.75	5.30	6.86	1. 5.79—83D
8½% South-Africa 70/85	104.25	8.15	3.75	7.31	1. 4.73—84S
7¾% South-Africa 71/86	100.35	7.72	4.38	7.80	1.11.76—85S
7% South-Africa 72/87	98.25	7.12	8.89	7.27	1.11.77—86S
8% South-Afr. Broadc. 78/81P (G)	100.50	7.96	2.22	7.72	1.11.78—87S
7¾% South-Afr. Oil Fund 78/82P (G)	99.50	7.79	3.64	7.89	1. 3.81
7¾% South-Afr. Oil Fund 78/82P (G)	99.50	7.79	3.76	7.89	1. 8.82
7½% South-Afr. Railway 73/88 (G)	97.50	7.69	9.47	7.87	16. 9.82
9¼% South-Afr. Railway 75/80P (G)	102.00	9.07	0.96	6.94	1. 6.79—88S
9¼% South-Afr. Railway 75/80 (G)	104.25	8.87	1.55	6.25	1. 6.78—80D
8¼% South-Afr. Railway 77/80P (G)	100.50	8.21	1.64	7.86	1. 7.80
8% South-Afr. Railway 78/81P (G)	100.50	7.96	2.06	7.72	1. 8.79—80D
7¾% South-Afr. Railway 78/82P (G)	99.50	7.79	3.39	7.90	2. 1.81
8% South-Afr. Railway 78/83P (G)	100.50	7.96	4.55	7.85	1. 5.82
8% South-Afr. Railway 78/83P (G)	100.50	7.96	4.72	7.85	1. 7.83
7% South Scot. El. 73/88 (G)	102.10	6.86	4.93	6.48	1. 9.83
6¾% Spain 77/84	101.00	6.68	5.64	6.52	1. 2.79—88S
6% Spain 78/88	95.35	6.29	9.39	6.68	1. 8.84
6% Sparbank Oslo 78/90P	96.00	6.25	6.66	6.76	1. 5.88
7¾% Standard Imp. & Exp. 78/82P	99.50	7.79	3.64	7.89	16. 5.81—90D
6¼% Stand. Chart. Bank 78/88	99.37	6.54	9.05	6.59	1. 8.82
6% Statoil 78/88 (G)	98.62	6.08	9.72	6.19	1. 1.88
7% Statsfoeretag 77/85	103.75	6.75	4.68	6.05	1. 9.84—88S
10% Steiermark 74/80P	108.00	9.26	1.80	5.21	1. 3.82—85D
8¾% Stockholm City 75/83	103.25	8.47	3.15	7.53	1.10.80
8¾% Stockholm County 75/87	107.05	8.17	4.08	6.72	15. 4.79
7¼% Studsb. Worth. 69/79	100.50	7.21	0.64	6.52	15. 4.79
8½% Sumitomo Metal 75/82	102.75	8.27	3.55	7.56	1. 4.79—87D
7½% Sun Oil Int. Fin. 73/88	102.50	7.32	4.86	6.86	1. 8.79
7¼% Svenska Cell 73/88	101.25	7.16	5.11	6.94	1. 7.82
9% Svenska Taendst. 75/85	104.85	8.58	3.62	7.40	1. 8.79—88S
6¾% Sveriges Inv. Bk. 72/87	101.00	6.68	4.01	6.45	1. 2.79—88S
7% Sveriges Inv. Bk. 73/88	102.35	6.84	4.47	6.37	1. 3.80—85S
8½% Sveriges Inv. Bk. 75/83	103.50	8.21	2.93	7.11	1. 3.78—87S
6½% Sweden 77/84	103.10	6.30	5.39	5.80	1. 3.79—88S
6% Sweden 77/89	98.75	6.08	10.97	6.16	1. 6.80—83S
9½% Taisei Corp. 75/80P	104.50	9.09	1.26	5.66	1. 5.84
10% Tauernautobahn 74/79P (G)	104.50	9.57	0.80	4.14	1.12.85—89S
9½% Tauernautobahn 74/81 (G)	108.75	8.74	2.55	5.69	16. 3.80
9% Tauernautobahn 75/82P (G)	109.00	8.26	3.22	5.84	1.10.79
9% Tauernautobahn 75/83P (G)	109.00	8.26	4.22	6.48	1. 7.81
5½% Tauernautobahn 78/93 (G)	95.62	5.75	14.30	5.96	1. 3.82
7% Tauernkraftwerke 68/83 (G)	102.75	6.81	2.60	5.93	1. 3.83
6½% Tauernkraftwerke 68/83 (G)	102.00	6.37	2.66	5.76	1. 4.84—93S
8% Tenpfinco 73/93	108.00	7.41	9.00	6.78	1. 2.74—83D
9½% Tenpfinco 75/82P	106.00	8.96	3.22	7.32	1. 9.74—83S
6¼% Thailand 78/83P	97.25	6.43	4.30	7.00	1.11.82—93S
8½% Thyssen Car. Fin. 75/82P	109.00	7.80	3.30	5.43	1. 3.82
8¼% Thyssen Car. Fin. 75/82P	108.00	7.64	3.55	5.68	1. 4.83
6½% Thyssen Inv. 66/81	102.10	6.37	1.71	5.17	1. 4.82
7¼% Tokyo El. Power 69/84	103.95	6.97	3.38	6.03	1. 7.82
9½% Toray Ind. 75/80P	103.75	9.16	1.16	6.03	1. 3.72—81D
5½% Toyo Rubber 78/83P	100.25	5.49	4.80	5.43	1.12.75—84D
6½% Traf. House Fin. 72/87	99.60	6.53	8.80	6.56	10. 2.80
6% Trinidad & Tobago 78/83	95.15	6.31	4.30	7.34	1.10.83
6¾% Trondheim 68/83	100.50	6.72	5.00	6.74	1.10.78—87S
5¾% Trondheim 78/88	95.15	6.04	8.28	6.52	1. 4.83
7½% T R W Int. Fin. 69/84	103.00	7.28	3.21	6.55	1.12.72—83S
6% T V O Power 78/88 (G)	96.00	6.25	9.14	6.59	1. 4.86—88D
5¾% UDS Group 78/83	97.80	5.88	4.72	6.29	1.10.75—84S
9¾% Unilever 74/81P	109.00	8.94	2.97	6.33	1. 2.84—88S
8½% Unilever 75/87	109.50	7.76	5.74	6.45	1. 9.83
5¾% Uniroyal 78/84P	100.00	5.75	5.64	5.74	1.12.81
6¾% Unit. Arab. Emirates 77/82P	100.25	6.73	3.38	6.65	1. 5.81—87S
7% Venezuela 68/83	100.50	6.97	2.74	6.91	1. 8.84
6% Venezuela 78/88	94.12	6.37	9.22	6.88	30. 4.82
6½% Venezuela 78/90	94.90	6.85	11.89	7.15	1.10.74—83S
7% Vienna 68/83	103.75	6.75	2.42	5.40	1. 3.84—88S
8¼% Vienna 75/84	104.70	7.88	3.04	6.48	1.11.85—90S
5¾% Vienna 77/84P	99.50	5.78	6.01	5.85	1. 6.74—83S
8½% Voest-Alpine 73/88	106.50	7.98	5.48	7.02	1. 8.79—84D
8½% Voest-Alpine 75/85	106.75	7.96	4.40	6.66	15.12.84
6¾% Voest-Alpine 77/89	101.40	6.66	7.88	6.51	1.10.79—88S
6½% Wells-Fargo ex w. 73/88	100.00	6.50	9.89	6.50	1. 6.81—85D

WestLB Euro-Deutschmarkbond Yield Index

December 11, 1978: 6.28% (November 30, 1978: 6.12%)

WestLB SD Certificates (Schuldschein-Index)

4 years maturity: 6.15% 5 years maturity: 6.40%

Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment
5½% Worldbank 65/85	99.85	5.50	6.30	5.58	1. 4.71—85D
6½% Worldbank 68/80	103.40	6.29	1.64	4.28	1. 8.80
6½% Worldbank 68/84P	101.00	6.44	3.00	6.12	2. 1.77—84D
6½% Worldbank 69/84	102.00	6.37	2.89	5.82	1. 6.75—84D
6½% Worldbank 69/84P	101.00	6.44	3.00	6.12	2. 1.77—84D
6% Worldbank 69/84P	100.00	6.00	2.72	5.98	1. 4.77—84D
8½% Worldbank 70/80	105.50	8.06	1.64	5.01	1. 8.80
8% Worldbank 70/86	105.50	7.58	3.93	6.37	1. 1.77—86D
7½% Worldbank 71/86 I	103.75	7.23	3.81	6.34	1. 6.77—86D
7½% Worldbank 71/86 II	104.15	7.20	4.31	6.37	1.12.77—86D
6½% Worldbank 72/82	103.65	6.27	3.55	5.33	1. 7.82
6¾% Worldbank 72/87	101.00	6.68	4.01	6.45	1. 3.78—87D
6¾% Worldbank 73/83	104.00	6.49	4.14	5.63	1. 2.83
6¾% Worldbank 73/88	100.40	6.35	4.64	6.26	1. 5.79—88D
8½% Worldbank 75/82P	107.75	7.66	3.47	5.71	1. 6.82
8% Worldbank 75/82	108.00	7.41	3.97	5.69	1.12.82
8¼% Worldbank 75/83	108.00	7.64	4.55	6.17	1. 7.83
8% Worldbank 76/82P	106.37	7.52	3.64	5.98	1. 8.82
7¾% Worldbank 76/82P	105.75	7.33	3.80	6.00	1.10.82
7½% Worldbank 76/83	107.00	7.01	4.39	5.64	1. 5.83
7¾% Worldbank 76/83	107.00	7.24	4.80	6.02	1.10.83
6¾% Worldbank 76/83P	103.50	6.52	4.97	5.92	1.12.83
8% Worldbank 76/84	107.60	7.43	5.14	6.22	1. 2.84
5½% Worldbank 77/82P	100.12	5.49	3.76	5.45	15. 9.82
7% Worldbank 77/85P	103.50	6.76	6.22	6.30	1. 3.85
6½% Worldbank 77/85P	100.75	6.45	6.39	6.34	1. 5.85
6% Worldbank 77/85	100.90	5.96	6.76	5.83	15. 9.85
7% Worldbank 77/87	105.90	6.61	8.05	6.05	1. 1.87
6½% Worldbank 77/87	101.25	6.42	8.39	6.30	1. 5.87
5¾% Worldbank 78/84	100.00	5.75	5.64	5.74	1. 8.84
6% Worldbank 78/88	97.50	6.15	9.64	6.35	1. 8.88
5¾% Worldbank 78/90	93.10	6.18	9.60	6.75	1.12.88
6¾% Yokohama 68/83 (G)	103.50	6.52	2.67	5.39	1. 2.87—90D
7% Yokohama 69/84 (G)	104.00	6.73	3.22	5.70	1. 9.72—83S
8% Yokohama 71/86 (G)	106.00	7.55	4.17	6.30	30. 9.73—84S
8¾% Yoshida Kogyo 75/80P	105.00	8.33	1.55	5.27	1. 8.77—86S
8% Yugosl. Inv. Bank 77/84P	101.00	7.92	3.40	7.66	1. 7.80

" Life " and " Maturity " appear in years and decimals of years and are—in this context—calculated as follows:
—to final maturity in case of a lump-sum repayment
—to final maturity in case of a sinking fund issue, whenever the quoted price is below 100
—to average life in case of a sinking fund issue, whenever the quoted price is above 100
—to average life in case the bond issue provides for mandatory drawings by lot at par only
P Private Placement (the smallest denomination may be larger than the usual DM 1,000 of public issue)
G Government Guarantee

Early continuation of easier Wall St. trend

INVESTMENT DOLLAR PREMIUM
$2.60 to £1 76½% (81¼%)
Effective $1.9765 34% (37¾%)

CONTINUING TO reflect concern about an expected OPEC oil price increase and unrest in Iran, Wall Street remained in easier mood yesterday morning in further slow trading.

Although the Dow Jones Industrial Average was only 0.88 lower at 808.98 at 1 pm, after recording a fresh loss of 3.38 at the 10.30 am calculation, the NYSE All Common Index receded 17 cents to $53.55 at 1 pm. Declines exceeded gains in the ratio of two-to-one, while volume amounted to 14.48m shares, against 15.01m at 1 pm on Wednesday.

Closing prices and market reports were not available for this edition.

Marathon Manufacturing topped the actives list and shed $1 to $29¼, following Wednesday's $4¾ advance. The company has received but rejected an offer for its shares at $34 each. The potential buyer was not named but, separately Maremont said it has expressed an interest in Marathon. Maremont lost ⅜ to $19.

Seatrain Lines were unchanged at $8. It has terminated negotiations concerning a proposed joint venture in the Middle East.

Grow Chemical put on ⅛ to $9⅞ on declaring a five per cent stock dividend.

Among the actives, Standard Oil of Indiana rose ½ to $54¼, and Boeing gained ⅞ to $69½, but Texaco lost ¼ to $24.

PRICES WERE also lower-inclined in slack early trading on the American SE, the Market Value Index registering a fresh decline of 0.25 at 149.98 at 1 pm. Volume 1.46m shares (1.53m).

Canada

Shares partially recovered from initial easiness to make a mixed showing at mid-session.

The Toronto Composite Index was 1.1 firmer at 1,288.1 at midday, while Banks gained 1.38 to 310.69 and Papers 1.16 to 135.74. In contrast, Golds, at 1,364.0, and Metals and Minerals, at 1,078.0, were each down 3.5.

Among Paper issues, Domtar gained ¾ to C$23⅞ and Abitibi ⅜ to C$19½ in active trading.

Canadian Imperial Bank, which announced a dividend increase.

Tokyo

Remarks by Bank of Japan governor Teiichiro Morinaga that the stock market is now overheated caused a downward tendency in share prices yesterday in quite active trading.

The Nikkei-Dow Jones Average receded 13.32 from Wednesday's record closing high to finish at 6,083.94, while the Tokyo SE index shed 0.58 to 452.02. Volume 410m shares (430m).

Murata rose Y41 to Y900 on rumours that the company may issue a foreign currency-denominated bond in the near future.

Foods, Pharmaceuticals and Heavy Electricals were broadly sold, while Communication issues and Textiles also closed lower, but some speculative issues were purchased near the close, along with some middle-class Blue Chips.

Export-orientated vehicles, Electricals and Cameras were mostly lower on foreign exchange market uncertainties ahead of this week end's OPEC meeting and also on the political unrest in Iran. TDK Electronics lost Y20 to Y1,880, Nissan Motor Y3 to Y665, Canon Y5 to Y472 and Matsushita Electric Y5 to Y729.

Germany

Market showed some recovery yesterday on a revival of buying interest, with the Commerzbank index regaining 3.2 to 828.1.

MAN ordinary hardened 80 pfennigs following a company forecast of satisfactory although lower 1978-79 profits.

In Motors, BMW rallied DM 3.50, while among Stores, Horten recouped DM 2.50 and Karstadt rose DM 3. Elsewhere, Metallgesellschaft moved ahead DM 4.80 and Dresdner Bank advanced DM 6.

However, Electricals had AEG-Telefunken down DM 1 at DM 77.50 after news that it expects group turnover to be down 3 per cent this year, while losses of up to DM 300m may be recorded.

Public Authority Bonds were easier in fairly quiet trading, shedding up to 20 pfennigs. The Regulating Authorities sold a nominal DM 1.7m of paper, compared with sales of DM 0.2m the previous day. Mark Foreign Loans were mixed.

Paris

Depressed by the continuing troubles in Iran, the prospect of an oil price rise by OPEC members this weekend and the French Government's plans to increase social security contributions from employers and workers, share prices gave further ground over a broad front. The Bourse Industrial index declined 0.6 more to 76.4.

Among notably lower issues were Finextel, Pricel, Peugeot Citroen, Beghin, Dumez, Poclain, Borel, Hachette, Galeries Lafayette, Legrand, Sacilor, Elf-Gabon, Nobel-Bozel, Sommer-Allibert and Imetal.

Australia

After early firmness, stocks turned back to finish on a rather mixed note, with later sentiment dealt a blow by news that BHP's Donga oil exploration well had proved uncommercial.

BHP, having traded around the A$9.00 mark ahead of its Donga well statement, subsequently retreated to A$8.84 for a loss of 14 cents on the day. However, one of BHP's Donga partners, Bridge Oil, closed 3 cents firmer.

Another feature yesterday was the relisting of Poseidon, the fallen Windarra nickel wonder, as it used to be called, which is now engaged in gold mining.

The company went into receivership in October, 1976, but was finally able to discharge the receiver last week after an insurance group took a placement of shares.

Under a backlog of orders, brokers opened biding for Poseidon at 65 cents and the shares advanced to 75 cents before closing at 64 cents. Volume was fair in Sydney but only light on its home exchange in Adelaide.

Copper stocks got away to a good start after MIM announced it had lifted its local copper price to a 19-month peak, but they too weakened with the rest of the market in late dealings. MIM finished 3 cents off at A$2.45.

Coal stocks scored gains, with Oakbridge 3 cents harder at A$1.65, but Uraniums were mainly lower.

Banks were higher, with National up 6 cents at A$2.60 and ANZ 5 cents firmer at A$4.00.

Milan

Bourse prices further weakened in increased activity, influenced by selling at the end of the monthly Account.

Operators were cautious ahead of possible economic measures which theh Government may take in connection with Italy's entry into the European Monetary System.

Montedison rose 3.25 to L160 and Olivetti Privileged added 44 at L1,169, but most other leading Industrials and Financials were depressed.

Fiat fell 61 more to L2,734, while Pirelli Spa lost 23 to L871 and Snia Viscosa 15 to L855.

Hong Kong

Market managed a modest improvement in further thin trading, reversing the recent declining trend. The Hang Seng index picked up 4.48 to 507.59.

Hongkong Bank gained 20 cents to HK$17.40, while Hong Kong Land, Jardine Matheson and Swire Pacific put on 10 cents apiece to HK$7.90, HK$11.90 and HK$7.60 respectively. Wheelock added 5 cents at HK$2.55 and Hutchison Whampoa 2.5 cents at HK$4.125.

Hong Kong Telephone rose 70 cents to HS28.70, Hong Kong Wharf 50 cents to HK$28.20 and Cheung Kong 5 cents to HK$8.55.

Johannesburg

Golds were quietly easier on general lack of interest and some uncertainty ahead of next week's U.S. gold auction.

Mining Financials were mostly unchanged to harder, with Johnnies 25 cents up at R29.75. Diamond share De Beers rose 10 cents more to R8.00.

Platinums had Implats 10 cents down at R3.90, but Copper share Messina put on 2 cents to R1.25.

Switzerland

Prices were narrowly mixed in continued quiet trading.

Dealers noted investor caution following the assessment of the Swiss economic prospects for 1979 by Credit Suisse and the renewed easier tendency of the dollar.

A feature among Financials was the firmness of Landis and Gyr in belated response to its favourable earnings report, published last week-end.

Brussels

Stocks closed on a mixed note after another quiet trading session.

Among Steels, Cockerill gained 15 to BFr 430, while in Non-ferrous Metals, Vieille Montagne rose 85 to BFr 1,685, recovering its loss of Wednesday. Utilities had Unerg up 20 at BFr 1,615, but elsewhere, Sofina declined 85 to BFr 3,280.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ф SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
American Express Bk.	12½%
Amro Bank	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	[illegible]
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee
* 7-day deposits 10%, 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

هكذا من الأصل

COMMODITIES, RAW MATERIALS and AGRICULTURE

Reprieve for 'natural' milk sales

BRITISH DAIRY farmers' fight against a proposed ban on the sale of untreated, farm-bottled milk, has won a three-year reprieve for the 4,000 dairy farmers producing and retailing it. The ban will now come into force on August 1, 1983.

During the three years producers will be eligible to draw on about £1m of grants towards the cost of installing pasteurisation equipment and new buildings.

Farmers fought against the ban largely on the grounds of "freedom of choice" for the consumer. The Ministry of Agriculture backed a stay of execution, however, in the light of the danger to the livelihood of the farmers involved.

Announcing the moves in the Commons yesterday, Mr. John Silkin, Minister of Agriculture, also said that the price of the untreated milk—sold in a green-topped bottle—would soon be reduced by 1p to 13½p, the same as pasteurised milk.

Some 96 per cent of all milk sold in Britain is now heat treated to kill bacteria. The main threat to health in untreated milk is salmonella, most common cause of "food poisoning."

Although infections are difficult to monitor it is known that between 1973 and 1977 there were 640 cases of food poisoning in England Wales which could be traced back to untreated milk and 1,239 in Scotland.

Farmers are already giving up production and sale of this type of milk at the rate of 500 a year, and it is hoped the offer of grants of up to 30 per cent of the cost of new equipment, will accelerate this trend.

World sugar stocks may hit new record

BY OUR COMMODITIES STAFF

WORLD SUGAR stocks are likely to rise again in the coming season despite a probable fall in production, according to sugar statistician F. O. Licht.

In his first estimate of the 1978-79 sugar balance published yesterday Licht puts the world crop at 91.9m tonnes—0.5 per cent below the 1977-78 record of 92.3m — and consumption at nearly 90m tonnes—3.93 per cent up on 1977-78. This would take total stocks to 32.021m tonnes, the highest ever level, by the end of the season in August 1979.

"But it is an encouraging sign," the Licht report says, "that the increasing rate of stock accumulation of the past few years will be brought to a halt."

The estimate, which Licht described as "a first crude approximation," puts Western European production at 16.712m tonnes, 144,000 tonnes higher than in 1977-78. But this is expected to be more than compensated by a 335,000 tonnes drop in East European output to 13.6m tonnes.

The biggest production increase is predicted in North and Central America where the crop total is expected to reach 19.937m tonne compared with 19.334m last season. South American output is forecast to fall 792,000 tonnes to 12.481m tonnes. Asian output is also expected to be lower at 19.522m tonnes against 19.648m last season.

Modest consumption increases are forecast in all continents.

French white sugar production is expected to reach 3.7m tonnes at the end of the current processing campaign on January 15 compared with 3.92m tonnes last season, the French Sugar Manufacturers' Association said yesterday.

Beet processing factories produced 3m tonnes of sugar between the end of September and December 10, the Association said.

In Washington meanwhile, the U.S. Agriculture Department said sugar cane rust, a fungus disease, has been found in Puerto Rico. The fungus turned up first in crops at experimental stations but was later found in commercial fields.

Infected fields have been sprayed and infected plants pulled and destroyed in efforts to control the disease.

● The International Sugar Council has again extended the period of suspension for the contribution of fees to its stock financing fund.

The previous suspension, to January 1, has been extended for three months, or if necessary, six months to June 30. The period for ratification of the 1977 International Sugar Agreement has also been extended till June 30.

The Dominican Republic has accepted an increase of 55,000 tonnes in its 1979 sugar export quota. The Republic's quota was originally set at 935,000 tonnes. The Sugar Council will consider a further increase at a later stage.

Rally in coffee market

By Richard Mooney

A SUDDEN burst of buying in late trading yesterday wiped out most of the losses sustained in the London coffee futures market on Wednesday.

Wednesday's decline, which trimmed £80 off the March position, was triggered by selling in New York and London which was believed to be on behalf of Latin American producers. And yesterday's recovery was prompted by buying by the same trade houses.

The upsurge started in New York, where values closed limit down on Wednesday, and a permissible limit rise was quickly established. The London market responded equally quickly and within minutes nearby quotations were £80 higher.

At the close March delivery coffee on the London market was quoted at £1,262.5 a tonne up £55 on the day.

London traders earlier estimated that Wednesday's sell-off could have cost the Latin American producers up to $30m. The coffee is believed to have been purchased originally under a price support strategy backed by a $140m producer fund.

Recent signs of disharmony between the eight producers involved in the support scheme culminated on Wednesday in an accusation by Guatemala that several other members of the so-called "Bogota Group," including Colombia, had violated an unwritten agreement not to sell new crop coffee before January.

Tin prices down again

By Our Commodities Staff

TIN PRICES took another drop on the London Metal Exchange yesterday in the wake of a sharp fall in Penang overnight. The threat from Bolivian mine workers of an indefinite strike helped support prices early in the day, but the decline accelerated in the absence of physical demand.

Three months standard grade metal lost £107.5 a tonne, closing at £6,877.50.

Cash tin lost £97.50, ending at £6,962.50 a tonne.

The Bolivian Miners' Union Federation was reported to have said its 55,000 members would begin an indefinite strike today if private mine management did not agree to pay a 35 per cent pay rise.

About 40,000 of the union's members employed by the state-owned sector of the mining business won a 35 per cent award in October

Winegarten quits NFU

By Our Commodities Staff

MR. ROY WATSON, joint deputy director-general of the National Farmers' Union will become director-general on January 1.

He replaces Professor Asher Winegarten who has resigned for health reasons.

Professor Winegarten had a stroke in May. He has since recovered and will continue to act as an economic and policy adviser to the union.

Mr. Watson's career in the NFU has been largely involved in employment and Parliamentary affairs.

Sir Henry Plumb, NFU president, said: "I think everyone in the union, members and staff alike, are sad that Asher has been forced to give up. He has served this union well for 30 years."

India to boost rice sales

NEW DELHI—India plans to enter the commercial rice export market by exporting 500,000 tonnes of medium quality rice in 1979, a Commerce Ministry source said yesterday.

About 200,000 tonnes may be sold by next March, the end of the current financial year.

The ministry said the rice would be IR-8 quality which sells locally for about Rs 2,500, or $310, a tonne. Markets being explored included Turkey, Syria and the Persian Gulf.

So far India has permitted the export of long-grained Basmati rice, which may total 60,000 tonnes this fiscal year, and allowed the export of 50,000 tonnes of ordinary rice to Indonesia and 24,000 tonnes to Mauritius in Government transactions.

The sources also said the Government had cleared a proposal to export 50,000 tonnes of wheat produced in the commercial market on an experimental basis.

The Government does not expect to be able to compete effectively with the large grain trading concerns, but hopes to utilise its freight advantages for shipments to Africa and the Persian Gulf.

● Vietnam has lost more than 3m tonnes of rice through the heavy floods which swept the country in October, the East German news agency ADN said.

EEC FARM POLICY SEMINAR

Gallic gloom and disenchantment

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I USED to believe that conference-going was a particularly British vice, an occupation for bored farmers without enough to do.

Don't you believe it. I have just participated in a seminar in Paris where a couple of dozen French farmers were studying the Common Market, the French farming scene and the world economy in general.

My brief was to expound a British view, a personal one I insisted, of the EEC and all its works. I told of the disillusion felt by many farmers here in the working of the Common Agricultural Policy, a disillusion reflected by many of the participants. I also put forward the view that the British generally were profoundly sceptical of the Community and the CAP.

It was all good heavy stuff. Made even heavier by the fact that sessions lasted from 9 am to 1 pm and 2pm to 5 pm with a self-service lunch and none of the breaks for coffee or tea which effectively relieve the boredom of the typical British occasion. It was also occasionally tedious because Frenchmen tend to orate when putting the simplest point.

However, although the proceedings were occasionally turgid the content was most interesting and reflected in many ways the anxieties and disenchantment of French farmers with the way in which the CAP has worked out.

Basically they believe France has fared badly. Grain growing is all right, but in livestock they have been out-manoeuvred by the much smarter Dutch and Danes.

Several were pig keepers from Brittany, and they suffered from MCA-assisted imports much as do the British. And, adding insult to injury, the Dutch used manioc and other cereal substitutes in preference to French grain which was going into intervention or subsidised exports at lower prices.

Again, because of the "green franc," their milk prices, at about a franc a litre, were not much better than the British and varied regionally. Far from the bonanza that the CAP was expected to bring to French farming, things in some sectors were far more difficult than they should be.

This bitterness has caused some outbreaks of violence against imports of pigs, with lorries being burnt. I was told these were likely to recur in the New Year.

The farmers' pessimism could hardly have been relished by the Commission representative who spoke about the possible break-up of the CAP with the deepest gloom I have yet heard.

The CAP must be kept going, he said, as the one basis of European unity. The Commission was doing its best to do this. But things were much against it. Overproduction in several sectors was getting completely out of hand, particularly milk and sugar.

Yet, he complained, governments would do nothing to help butter consumption by taxing margarine or other fats. Part of the extra milk came from imports of manioc or soya and other feeds which came in duty-free. The system of export restitutions was antagonising third countries, and exports were more likely to be reduced than increased.

The trouble was that member-governments did not take harmonisation seriously. The Commission regulations to this effect were only imperfectly followed by members, and in particular competition between members was effectively neutralised either by national measures or by the instability of currencies.

Until certain governments realised that they were in a Common Market, there would be no European Community.

His audience took it calmly. They had, with French realism, accepted that perfection *in* human affairs — especially if they concerned foreigners — was *bound to be difficult to attain*. They believed that it was best to make do with things as they were.

Being mostly cereal growers, they were not very pleased with a Dutchman's view that manioc was being imported not because it was cheap but because grain was too dear.

As a representative of a processing firm, he expounded the view that France had taken too late to the virtues of a contract farming for vegetables and meat. He said farmers must realise that the modern world of convenience foods had not yet penetrated to French housewives dedicated to good home cooking.

Contracts on British and Dutch models would come eventually, but would entail market discipline — something his firm had had difficulty in finding in the French situation.

This admonitory theme continued for much of the time, and it is not confined to France. Some Oxford conferences are replete with it. However, there was a ray of hope. In a two-hour lecture on demography by a speaker from the UN, we were told that the West was bound to give way to the boundless energy of Asia where most of the population was less than 15.

But he added that in the European context France would become economically stronger *than Germany because her population was younger.*

EEC enlargement to provide profitable new beef markets

BY OUR COMMODITIES STAFF

THE ACCESSION of Greece, Spain and Portugal to membership of the European Community will provide beef exporters in the existing member countries with profitable new markets.

Their joining will also raise the EEC's level of self-sufficiency in mutton and lamb while giving Britain and Ireland a chance to export more to Greece, the Meat and Livestock Commission says in its latest review of international meat markets.

Pork and bacon supply and demand are more or less in balance now and this would not be appreciably changed by the enlargement of the Common Market.

The newcomers would increase the Community's population by 53m to 310m. At present the three import more than 150,000 tonnes of beef a year and this demand is expected to remain at more than 100,000 tonnes a year *through the mid-1980s.*

By the nature of the Common Agricultural Policy there would probably be heavier imports from current members to fill this demand and a cut in supplies coming from non-EEC countries.

For the British market the Commission forecasts an overall increase in meat supplies. Beef and veal production plus imports may fall to around 1977 levels and supplies of mutton and lamb may also be lower than this year. But shortages in the red meats sector are expected to be offset by increased output and imports of poultrymeat and pigmeat.

Home production of pork and bacon is rising and imports will also increase because of greater output in Denmark and Holland.

While reduced supplies of beef and lamb might under normal circumstances signal substantial price increases it is possible that the poultry and pig industries—whose output is likely to boost total meat supplies to their highest level since 1972—could *help to mitigate the worst effects.*

According to the Commission, next spring farmers will be earning about 77p to 80p a kilo liveweight for their beef animals—about 10p more than in the same part of 1978.

During 1979 the MLC expects UK beef and veal exports to fall 4,000 tonnes short of this year, reaching only 90,000 tonnes.

Home production of beef should be only 986,000 tonnes compared with 1,031 last year, and imports may be 2,000 tonnes less at 305,000.

In the European Community slaughterings of beef cattle are expected to climb marginally in 1979 while calf killings will drop almost 4 per cent.

The Commission detects a small increase in EEC beef consumption over the past year. In the U.K. and Italy rises of 1 per cent and 2 per cent are expected with small increases in West Germany and France.

A further increase in total Community intake is expected *in 1979*, particularly in France and Italy.

Farmers a dying breed says ILO

GENEVA—The farm populations of the industrialised West and Communist Eastern Europe, already ageing and dwindling since 1950, will almost disappear by the end of the century, the International Labour Organisation predicted yesterday.

It said the two regions' combined agricultural labour force shrank from 146m in 1950 to 87m in 1970, and if recent trends were to continue would be down to 28.5m in the year 2000.

It means that on average almost 1.5m people disappeared from the farms of the two areas every year between 1950 and 1970, and the shrinkage was likely to continue at an increased pace of almost 2m annually to the turn of the century.

Also, with more and more young people leaving farms, the agricultural population will age even more, they predicted in a report entitled "The case of the disappearing farmer."

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost further ground on the London Metal Exchange, reflecting the quietness of physical markets. Forward metal opened around £788 and edged up to £791 on the early pre-market before falling back to £787 owing to lack of follow-through. Thereafter the price drifted in quiet trading to close on the late kerb at £785.5, after touching a low of £784. Turnover: 20,350 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £771.5, 71, three months £787, 87.5, 88, 87.5, 87, 86.5, 87. Cathodes, cash £755.5, three months £774, 73.5. Kerb: Wirebars, three months £788.5. Afternoon: Wirebars, cash £770, 69.5, 69, three months £786, 86.5, 86. Cathodes, three months £773.5. Kerb: Wirebars, three months £785.5, 86, 85.5, 85, 84.5, 84, 85, 86.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	770-1	—8.75	769-.5	—7
3 months	786.5-7	—9	785-.5	—8.75
Settl'm'nt	771	—9.5	—	.....
Cathodes				
Cash	755-.5	—10.7	754.5-5.5	—8.5
3 months	773.5-4	—9.75	773.5-4	—6
Settl'm'nt	755.5	—11	—	.....
U.S. Smt.	—	.....	*72	.....

TIN—Lower again, mainly reflecting the sharp fall in the Penang market. The possibility of a strike by Bolivian mineworkers enabled forward metal to open around £6,950, but thereafter lack of physical demand saw the price weaken to £6,880 prior to closing on the late kerb at £6,890. Turnover: 2,090 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6950-5	—240	6960-5	—97.5
3 months	6880-5	—210	6875-80	—107
Settlem't	6955	—240	—	.....

...closing on a steady note to gain £15 on the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1965.0-70.0	—8.5	1970.0-1960
March	2036.0-38.0	+6.5	2040.0-2000
May	2070.0-71.0	+16.0	2072.0-2051
July	2075.0-76.0	+18.0	2076.0-2038

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported the Malaysian godown price was 233 (233¾) cents a kilo (buyer, January).

...medium 48.0 to 52.0, heavy 48.0 to 50.0: Scottish medium 48.0 to 52.0, heavy 41.0 to 50.0. Imported frozen: NZ YLs 47.0 to 48.0.

Pork: English, under 100 lbs 36.0 to 46.0, 100-120 lbs 36.0 to 45.0, 120-160 lbs 35.0 to 42.0.

Partidges: Young (each) 200.0 to 240.0.

PRICE CHANGES

Price in tonnes unless otherwise stated.

U.S. Markets

Gold rises as sugar holds steady

COMPANY NOTICES

Political uncertainties add to current market doubts

30-share index falls 2.8 to 477.9 for four-day loss of 15.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23

* "New time" dealings may take place from 9.30 am two business days earlier.

The uncertain outlook for stock markets was further aggravated yesterday by the Government's overnight setbacks in the pay sanctions debate. Another defeat for the Government in yesterday's vote of confidence was not seriously envisaged but election possibilities were aroused which the market, in its present mood, was in no state to resist.

This new development supplied fresh cause for investors to hold fire and business consequently suffered a further reduction. A precautionary mark down by equity dealers at the outset failed to deter small sellers and at the 11 am calculation the FT Industrial Ordinary share index was showing a fresh loss of three points.

Thereafter, values attempted to improve but the movement lacked substance despite the announcement of the slightly more encouraging money stock figures. The subsequent uninspiring November trade returns made little impression either way and the index ended 2.8 down at 477.9 to extend its fall to 15.4 since last Friday's close.

The unagreed cash bid for English Property from the Dutch concern Wereldhave created increased interest in speculative situations but the continuing lethargic conditions in equity markets was illustrated by the number of bargains marked which yesterday fell below 4,000 again. Dealings were suspended in City Hotels and Leisure Caravan Parks pending developments.

With institutional investors reluctant to commit funds at the moment, fresh sales of British Funds forced dealers to lower quotations again. The main business transpired in the shorts, which registered losses extending to ⅜ before bear-closing ahead of and after the November money stock figures reduced the falls to ⅛ generally. Trade at the longer end was very sparse but, with potential sellers larger than buyers, further marginal ground was lost.

Corporations were also dismal and showed losses ranging to ¼, but Mid Kent Water 8 per cent Preference 1984 for which over £11m was put up for the £3m issue, made a good debut at £13¼, in £10-paid form.

Pending the Irish decision on its intentions regarding the European Monetary System, the investment currency market became extremely nervous. Business connected with activities in Irish securities was included in the day's trade and the premium closed near the lowest at 76¼ per cent for a fall of five points. Yesterday's SE conversion factor was 0.7332 (0.7271).

Interest in the Traded Option market faded and contracts amounted to only 295 compared with the previous day's 491.

In a fairly light trade, Milletts Leisure Shops touched 122p before shading to close a penny down on balance at 120p compared with the offer for sale price of 110p.

Banks mixed

The major clearing banks closed narrowly mixed after a further contraction in trade. NatWest held an improvement of 6 at 282p and Barclays added 3 to 365p, but Midland eased 2 to 360p.

Insurances closed with small losses throughout the list.

The first instalment of this week's batch of trading statements to Breweries failed to generate business in the sector yesterday. Bass Charrington touched a 1978 peak of 172p before closing 4 up on balance at 171p on preliminary results above expectations. Among the secondary issues, north-country concern Vaux pleased with a 31 per cent profits increase and rose 4 to 132p. Greenall Whitley, in contrast, fell 6 to 118p after the profits rise was revealed to be less than expected. Elsewhere, half-time results from Distillers pleased the market and the shares moved against the trend with a rise of 4 to 203p.

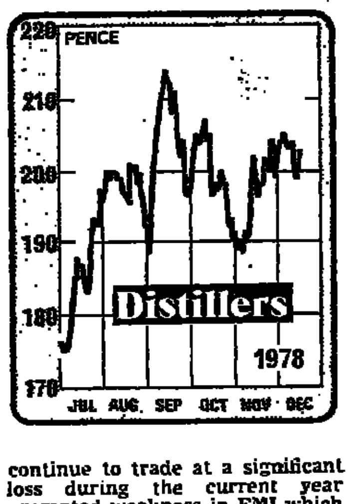
Annual profits in line with market expectations failed to stimulate interest in Marley which held at 73p and, despite the increased interim profits and the board's confident profits forecast for the current year, profit-taking left recently firm Heywood Williams 5 cheaper at 148p. Phoenix Timber's mid-term improvement was deemed to be disappointing and the shares eased 2 to 138p, while Magnet and Southerns came on offer and fell 8 to 128p. In contrast, the satisfactory annual results lifted Nottingham Brick 10 to 33.2p and favourable Press comment on the latest diversification moves left Tunnel B with a late improvement of 4 at 306p. In Contracting and Constructions, Norwest Holst stood out against the quietly dull trend, adding 3 to 102p on the appearance of the occasional buyer.

ICI and Fisons remained largely untested and closed marginally lower at 368p and 305p respectively. Elsewhere, Crystalate, despite the higher annual profits, declined 2 to 31½p, after 31p, but British Benzol, ahead of today's interim figures, gained 2 to 36p. William Ransom touched a 1978 peak of 292p before ending 5 up on balance at 290p following modest interest in a thin market.

Stores leaders hovered around overnight levels in a slack business. Gussies A added 2 to 312p. Second line issues, however, attracted a reasonable two-way trade. Recently firm A. G. Stanley shed 2 to 180p on profit-taking, while Bambers eased 4 to 156p. Martin Ford became a good market and hardened a penny to 38p. Among Shoes, Wearra held steady at 28p following Wednesday's preliminary results, but Strong and Fisher came on offer and closed 3 lower at 67p.

EMI weaken

The forecast that the company's medical electronics business will



continue to trade at a significant loss during the current year prompted weakness in EMI which closed around the day's lowest at 141p, down 7. Elsewhere in the Electrical sector, interim profits well below market estimates left Ferranti 30 lower at 355p, while nervous offering ahead of today's preliminary statement took 10 off United Scientific at 250p. In contrast, Electrocomponents picked up 5 at 328p, while Comet Radiovision hardened a penny to 139p following the encouraging statement on current trading. Kode were firm at 144p, up 2, while Audio Fidelity improved a similar amount to 40p among smaller-priced issues. Of the leaders, GEC hardened a shade initially on the joint television venture with Hitachi before easing to close unaltered on the day at 334p.

The Engineering leaders drifted lower, John Brown easing 5 to 375p and Hawker Siddeley 4 to 224p. Movements in secondary issues were also mainly against holders. Still reflecting the lower half-yearly figures, Braithwaite encountered fresh offerings and gave up 7 more to 104p. Press comment on the preliminary results left CompAir 1½ down at 82½p, while acquisition news failed to help WGI, a penny easier at 132p. Pegler Hattersley encountered occasional selling and gave up 4 to 148p, while falls of 3 were marked against Mining Supplies, 111p, Wolseley-Hughes, 198p, and Adwest, 289p. S. W. Wood, a firm market of late, held steady at 48p following news of the mid-way recovery in profits.

Leading Foods finished at, or close to, overnight levels following a further reduction in trading volume, but secondary issues displayed a few mixed movements. William Morrison eased 2½ to 94½p, after 93p, and recently firm Cartiers shed 3 to 110p. Bishops Stores, however, found a little support and the Ordinary added 3 to 145p and the A a penny to 93p.

Hotels and Caterers attracted fresh attention in the wake of Ladbroke's recently agreed offer for Myddelton Hotels. Prince of Wales firmed 4 to 89p and De Vere 2 for a two-day rise of 12 at 174p, while Rowton put on 3 to 149p and Norfolk Capital 2 to 41p. Dealings in City Hotels were suspended at 126 pending an announcement; details of the offer, worth around 185p per share from Comfort Hotels (formerly Adda International) came well after the market's close.

Sketchley advance

Apart from Turner and Newall, which met with scattered selling and gave up 5 at 169p, miscellaneous Industrials leaders rarely strayed from overnight closing levels. Elsewhere, Sketchley provided one of the few noteworthy movements, rising 7 to 136p in response to the industrial cleaning contract worth around £4.5m from the National Coal Board. ICL also improved 7 to 450p on annual results above market expectations, but news that the Donga 2 well had proved uncommercial prompted a reaction of 20p to 700p in Broken Hill Proprietary. Revived speculation demand left Dundonian 3 to the good at 53p, while similar gains were recorded in Friedland Doggart, 107p, and Gestetner A, 136p. Caplan Profile firmed 2 to a peak for the year of 131p. United aGs, however, eased 2½ to 66p despite the increased interim dividend and progts. Dealings in Leisure Caravans were temporarily suspended with the price at 112½p, up 1½, at the request of the company.

Coral provided a notable weak spot in the Leisure sector, dropping 8 to 108p on small persistent offerings. In sharp contrast, revived speculative demand in a thin market lifted London Pavilion 150 to 975p, after £10.

Motors drifted slightly easier in a neglogible day's trading. Lucas fell back 3 to 298p, while fading hopes of an offer from Hawker Siddeley left Dowty a penny cheaper at 267p. Associated Engineering announced lower full-year profits and eased 2 to 117p.

Newspapers tended lower with the general trend. Daily Mail A slackened 5 to 365p, while News International eased 2 to 275p. Elsewhere, publishers Woodrow Wyatt returned to profits and dividends at the interim stage and added a penny to 21p. Mills and Allen were dull again because of diminishing bid hopes and eased to 220p before finishing a net 3 down at 222p.

Oils quiet

The surprise announcement of the 37p cash per share offer from long-time suitor, the Dutch Wereldhave concern, and the Board's advice to take no action pending a further statement, lifted English Property 2½ to 29p; 6½ per cent convertible advanced 10 points to £87, and the 12½ per cent convertible 7 points to £91. Other Properties encountered selective inquiry with sentiment helped by satisfactory trading statements. Steady awaiting the annual results, MEPC touched 154p shortly after the announcement and settled 2 higher on balance at 151p, while the higher interim profits and the chairman's confident statement lifted Haslemere 4 to 258p.

Leading Oils passed an extremely quiet day, but maintained the recent steady undertone. British Petroleum and Shell closed without alteration at 926p and 576p respectively, but Royal Dutch contrasted with a fall of a point to £39⅞, reflecting dollar premium influences. Secondary issues fared little better in the way of activity. Among the few minor changes, Oil Exploration, 226p, and Tricentrol, 156p, gave up 2 apiece.

In Overseas Traders S. and W. Berisford eased 3 for a two-day fall of 6 at 154p. Gill and Duffus, on the other hand, added 4 to 152p.

Trusts tended easier with falls of around 2 marked against Rothschild, 205p, and Stockholders, 91p. Bishopsgate Property fell 1½ to 5½p following the half-yearly loss and the accompanying statement on the company's borrowings. City and International held steady at 98p, the price given in yesterday's issue was incorrect.

Textiles remained quiet and only those reporting trading statements attracted any real interest. Despite a sharp upturn in pre-tax profits, caution over the company's second-half textile trading left Cawdaw 3 off at 32p. Trafford Carpets added 2 to 28p folowing the half-time results, but Shaw Carpets, at 72p, gave up a penny of the previous day's rise of 3 which followed the good interim statement. British Enkalon, a good market of late, added a penny to 18p; the shares have risen from 13p since Monday.

Poseidon return

Once again Poseidon held the stage in mining markets as the resumption of trading in the shares (they were suspended at 75p in October 1976 following heavy losses at the Windarra nickel mine) saw the price open a god deal higher than expected at 50p and quickly advance to a day's best of 58p before reacting to close at 50p.

The god showing at the outset followed a brisk turnover in overnight Australian markets, but the price reacted on professional and arbitrage selling.

Other Australians drifted throughout the day owing to a slightly easier trend in overnight markets and a fall in the investment currency premium.

The more speculative diamond exploration issues were particularly vulnerable with Northern Mining 4 lower at 80p and Haoma Gold 3 cheaper at 30p.

The lower premium also affected South African Golds, which lost ground for the third successive day despite a $1 rise in the bullion price to $203.875 per ounce. The Gold Mines index gave up 2.0 more to 131.9 — for a three-day fall of 7.8, while the ex-premium index eased 0.7 to 96.7.

Trading in gold shares remained thin during the morning and afternoon but one or two American buyers in the after-hours business enabled prices to close a fraction above their lows.

Heavyweights registered losses of up to a half-point as in Randfontein, £26¾, while Western Holdings relinquished ⅜ at £14¾ and Free State Geduld ¼ at £12⅛.

South African Financials dipped in the late trade in line with the premium. De Beers were finally 6 lower at 358p, after being 368p earlier, while "Amgold" dropped ¼ to £14. Platinums mirrored Golds with Impala 8 cheaper at 176p and Rustenburg 3 off at 90p.

Elsewhere the recent Canadian selling of Westfield Minerals gathered momentum and the shares dipped 55 more to 295p.

£2.5m contract

DOVER HARBOUR Board has awarded a £2.5m contract to RDL Contracting, a member of the Redpath Dorman Long Group, for the design and construction of two twin-deck, double-width loading bridges to service new berths at the eastern docks.

FINANCIAL TIMES STOCK INDICES

—	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 8	Dec. 7	A year ago
Government Secs.	68.60	68.72	68.88	69.01	68.97	68.99	76.59
Fixed Interest	70.03	70.11	70.24	70.26	70.37	70.51	79.09
Industrial	477.9	480.7	485.4	492.3	493.3	491.6	478.1
Gold Mines	131.9	133.9	135.5	139.7	134.4	131.0	139.8
Gold Mines (Ex-$ pm.)	96.7	97.4	98.6	100.1	97.2	95.0	101.5
Ord. Div. Yield	6.03	6.00	5.95	5.87	5.85	5.86	5.66
Earnings, Y'ld % (full)	15.92	15.85	15.70	15.49	15.45	15.36	17.09
P/E Ratio (net) (*)	8.15	8.10	8.27	8.38	8.40	8.41	8.51
Dealings marked	3,944	4,170	4,102	4,619	4,516	4,941	5,572
Equity turnover £m	—	72.22	66.17	67.59	97.93	87.66	57.12
Equity bargains total	—	14,659	14,664	16,425	15,395	16,555	9,712

10 am 478.4. 11 am 477.7. Noon 478.4. 1 pm 477.9.
2 pm 478.0. 3 pm 478.0.
Latest Index 01-236 8026.
*Nil=7.91.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. 1/7/78. Gold Mines 12/9/55. Ex-$ pm Index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.5 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	132.3 (14/8)	90.3 (18/4)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Dec. 14	Dec. 13
—Daily		
Gilt Edged	152.2	151.2
Industrials	136.1	146.4
Speculative	23.6	25.5
Totals	89.8	94.9
5-day Average		
Gilt-Edged	155.6	154.3
Industrials	146.0	147.8
Speculative	30.3	31.3
Totals	96.3	97.6

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BATs Defd.	25p	10	253	—	304	227
BP	£1	10	926	—	954	720
GEC	25p	9	334	—	349	233
English Prop.	50p	8	39	+2½	51	27
Metal Box 'New'	Nil/pd.	8	54pm	−2	70pm	54pm
Shell Transport	25p	8	576	—	602	484
Beecham	25p	6	612	−2	726	581
Distillers	50p	6	203	+4	215	163
EMI	50p	6	141	−7	190	130
ICI	£1	6	368	−1	421	328
Turner & Newall	£1	6	169	−5	209	166
Allied Breweries	25p	5	82½	−½	94	78
Lloyds Bank	£1	5	280	—	297	248
Marks & Spencer	25p	5	85	−1	94	67½
Rank Org.	25p	5	246	−4	286	225

NEW HIGHS AND LOWS FOR 1978

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (14)

BEERS (1)
Bass Charrington
BUILDINGS (2)
Carr (J.) Feb Intl.
CHEMICALS (2)
British Benzol Ransom (Wm.)
ELECTRICALS (1)
Audio Fidelity
INDUSTRIALS (2)
Caplan Profile Lawtex
LEISURE (1)
Pleasurama
MOTORS (1)
Wilmot-Breeden
PAPER (2)
Wace Wyatt (Woodrow)
TEXTILES (1)
British Enkalon
MINES (1)
Tanjong

NEW LOWS (7)

AMERICANS (1)
Brunswick
ELECTRICALS (1)
Laurence Scott
ENGINEERING (1)
Mitchell Somers
INDUSTRIALS (2)
Anglo-Am. Asphalt Talbex
PAPER (1)
Inveresk
MINES (1)
New Witwatersrand

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	69	8
Corpns. Dom. and Foreign Bonds	1	19	41
Industrials	167	379	982
Financial and Prop.	38	189	285
Oils	—	7	30
Plantation	7	4	21
Mines	16	64	60
Recent Issues	6	9	14
Totals	236	740	1,441

APPOINTMENTS

Changes at London Brick

Sir Ronald Stewart, chairman of the LONDON BRICK COMPANY and a managing director, will be retiring after the annual meeting in May. Mr. Jeremy Rowe will become chairman in succession to Sir Ronald and will remain a managing director. Mr. M. O. Wright will become deputy chairman in succession to Mr. Rowe and will remain a managing director. Mr W. R. B. Foster, a non-executive director will become an additional deputy chairman. Mr. A. N. H. Meier will be retiring from the Board on June 30 and Mr. E. H. Burton will be retiring from the Board on September 30. Mr. D. H. Lawrence and Mr. J. Bristow, directors of the company, are appointed managing directors from January 1.

★

The Hongkong and Shanghai Banking Corporation announces the appointment of Mr. Q. W. Lee and Mr. N. S. Thomson to the Board. Mr. Lee Quo-Wei is a vice-chairman and the general manager of the Hang Seng Bank, which he joined in 1946. He has also served as an unofficial member of the Executive and Legislative Councils. Mr. Thompson has been chairman of the Mass Transit Railway Corporation in Hong Kong since 1975. He was managing director of the Cunard Steam-Ship Company from 1971-74. Both men have also joined the Board of the Bank's subsidiary, Mercantile Bank.

★

F. W. WOOLWORTH AND COMPANY announces that Mr. H. R. Johnson and Mr. R. E. Jones have been appointed directors. Mr. Johnson has been with Woolworth since 1942. He is executive in charge of Woolworth store operations. Mr. Jones is manager of the metropolitan region which covers London and the Home Counties.

★

The Supervisory Board and the Board of Management of ROYAL DUTCH PETROLEUM COMPANY announce that Mr. K. Swart, a managing director wishes to relinquish his post on July 1. He was appointed a managing director in 1970. Mr. Swart will be proposed a member of the Supervisory Board. A proposal will also be made at the May annual meeting that Mr. J. H. Choufoer be appointed a managing director from July 1. He will also be appointed a managing director of the Royal Dutch/Shell Group of Companies (that is a member of the presidium of the Board of directors of Shell Petroleum NV) and a managing director of The Shell Petroleum Company, also from July 1.

★

Mr. William Maxwell is to be LONDON TRANSPORT'S managing director (railways) from January 1. He will head the newly-formed board of LT Railways, which will be responsible for operations, engineering, development and financial control of the Underground. He succeeds Mr. Michael Robbins who will become a part-time member of the London Transport Executive. Mr. Maxwell joined London Transport in 1947 and was development engineer on the Victoria Line train project and subsequently responsible for all design and development work on Underground rolling stock.

★

Mr. Robert v.d. Luft has been named to succeed Mr. Thomas J. Milligan as deputy chairman of DU PONT DE NEMOURS INTERNATIONAL SA, Geneva. Mr. Milligan is retiring at the end of December, after 33 years' service with Du Pont, over 13 in Europe and Latin America. Mr. Luft joined Du Pont in 1957 as a chemical engineer.

★

Mr. Derek W. Vaile, since 1976 executive director of National Westminster Bank's associate, Orion Bank, has been appointed NATIONAL WESTMINSTER'S senior representative in the Netherlands. He also becomes a member of the management board of F. Van Lanschot Bankiers, 's-Hertogenbosch, Holland, another NatWest associate. He succeeds Mr. D. C. Lefever who is returning to the UK.

★

BOOKER McCONNELL'S interests in health foods, dietary supplements and pharmaceuticals, are to be grouped into a newly-formed health products trading division from January 1. Board of the division will be: Mr. R. A. McKenzie, chairman, Mr. W. A. Simpson, Mr. Milton Okin, (U.S.) and Mr. A. J. Grant.

★

W. C. Winfree, vice-president of GIRARD BANK, has been appointed general manager of the London branch from January 1 in anticipation of the retirement of J. P. Fahey, president general manager, in 1979.

★

Mr. Wim Kok has been appointed managing director of THE WALL'S MEAT COMPANY from the beginning of next year. He is currently managing director of Mattesons Meats.

★

Mr. Trevor Beeson has been appointed chairman of the Board of directors of SCM PRESS.

★

Mr. John P. Henry, Jr., has been made vice-president of the energy and environment division of BOOZ, ALLEN AND HAMILTON.

★

Mr. Brian Armitage has joined the HAROLD CHELL textile group as director responsible for broadening its field of activity, particularly in non-apparel markets.

★

Miss Anne Boutwood has been appointed a director of the MEDICAL SICKNESS ANNUITY AND LIFE ASSURANCE SOCIETY from January 1. Sir Clifford Naunton Morgan retires from the Board on December 31 after 20 years' service.

★

Mr. C. H. Bishop has been made a director of WILLIS, FABER AND DUMAS.

★

Following the successful offer for Warne, Wright and Rowland, the BENJAMIN PRIEST GROUP announces the following appointments from January 1. Mr. P. Bennion, Mr. J. H. Cook, Mr. D. F. Hanmer, Mr. M. C. Vaughan and Mr. F. T. Wellings, directors of Warne Wright, have been appointed to the Board of Benjamin Priest and Sons (Holdings). Mr. John Jackson will leave the Priest Board, while Mr. Charles Wardle, chairman of Priest, will become chairman of Warne, Wright and Rowland. Gp. Capt. J. P. Cecil-Wright and Mr. S. V. Lancaster retire from the Board of Warne Wright.

★

The board of DOWTY POWYS has been reconstituted following the transfer of control from Dowty Rotol to Dowty Fuel Systems. Chairman, Mr. W. N. Squire; deputy chairman, Mr. W. M. Huyton; director—policy, Mr. N. R. Hemming; director—operations, Mr. R. F. Brinkworth; financial director and company secretary, Mr. S. P. Robinson; directors, Mr. J. Carnegie and Mr. J. E. Price. Both Dowty Rotol and Fuel Systems are Dowty Aerospace and Defence Division companies.

★

Mr. Paul Jubb has been promoted to full director on the board of CONDER HARDWARE.

★

The Secretary of State for the Environment has appointed Sir Reg Goodwin as the next chairman of BASILDON NEW TOWN DEVELOPMENT CORPORATION. He has been deputy chairman of the corporation since 1968, and a member since 1965.

★

Mr. M. E. Rowley has been appointed a director of TULLETT AND RILEY INTERNATIONAL and Mr. A. J. Styant has been made a director of TULLETT AND RILEY (FOREIGN EXCHANGE). Both companies are subsidiaries of Tullett and Riley Holdings.

★

One of WESTWARD TELEVISION'S founder directors, Mr. Winston Brimacombe, has retired from the Board on reaching the Independent Broadcasting Authority's compulsory retirement age of 70 on December 23.

★

Mr. Michael H. T. Johnson, assistant manager, secretary and chief accountant of BEDFORD COUNTY PRESS, a division of Westminster Press, has been appointed general manager. He succeeds Mr. Charles H. Gordon, who has been advised to retire on medical grounds.

★

WARWICK ENGINEERING INVESTMENTS announces the following appointments: Mr. N. Macdonald-Smith as deputy chairman and Mr. J. R. Kinder as group managing director. Mr. T. Dodd and Mr. D. G. G. Milnes have been made directors.

★

Mr. Anthony J. Smith has been appointed to the Board of WAGON INDUSTRIAL HOLDINGS. He remains group secretary.

★

Mr. E. Tangemann (Union Bank of Switzerland) has been appointed chairman and Mr. P. Muûls (Banque Belge) vice-chairman of the FOREIGN BANKS AND AFFILIATES ASSOCIATION (including EEC Banks) in London from January 1.

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	950	11	6	44	—	63	—	924p
BP	1000	3	68	16	—	36	—	..
Com Union	140	8	30	13	—	19	—	145p
Cons Gold	180	6½	6	14	—	17	—	176p
Courtaulds	120	6	15	11½	—	14	—	121p
GEC	300	38	4	49	—	62	—	334p
GEC	330	15	5	28	—	42	—	..
Grand Met.	120	2	—	5	—	7½	5	113p
ICI	330	44	5	49	—	—	—	368p
ICI	360	17	5	24	20	38	—	..
ICI	390	4	21	10½	5	21	—	..
ICI	420	¾	—	4½	23	13	—	..
Land Secs	220	26	2	35	—	39	—	244p
Marks & Sp	90	3	1	6	3	9½	—	86p
Shell	550	31	3	50	—	58	—	578p
Shell	600	5	19	20	5	28	2	..
Totals			190		56		7	
		February		May		August		
Boots	200	7½	35	15	—	19	—	195p
EMI	160	3	—	8	7	12	—	141p
Totals			35		7			

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
42½	F.P.	24/11	48	43	Arncliffe Hldgs	44	......	u2.55	2.4	8.7	7.1
A$0.50	F.P.	—	78	61	Ashton Mining 50c	75	......	—	—	—	—
A$1.25	F.P.	—	[illegible]	100	††Aust. Farming A$1	102	......	—	—	—	—
155	F.P.	10/1	175	171	Harris Queensway 20p	171	+1	†7.8	3.1	6.8	7.1
§	F.P.	—	16½	15	Hunt & Moscrop Defd.	15	−½	—	—	—	—
29	F.P.	5/1	31	[illegible]	Kitchen Queen 10p	30	+1	↓1.34	3.4	6.7	5.0
110	F.P.	—	122	115	MillettsLeis'reShps20p	120	−1	bd5.7	1.83	7.1	11.5

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	—	99¾	99½	Anglesey Variable 1983	99¾	......
§	£10	26/1	13	11¾	Colne Valley Water 8% Red P. Prf. 1983	13	+½
[illegible]	F.P.	16/11	[illegible]	101	Crosby House 10% Conv. '87-90	119	−1
£100p	Nil	28/12	¼pm	¼pm	Findlay 8% Cnv. Cum Red. Prf.	¼pm	......
£100p	Nil	5/1	5pm	2pm	Hawley-Goodall 12% Cnv. Uns. Ln. '86-88	5pm	......
[illegible]	F.P.	22/12	99p	98p	Newman Inds. 10½% Acc. Prf.	98p	......
§	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	......
[illegible]	F.P.	25/1	97	96½	Rickmansworth & Uxbridge Water 7% '8[illegible]	96¾	......
97p	F.P.	5/1	99p	98p	Seascope 10½% Pref.	99p	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
560	F.P.	8/12	12/1	645	568	Beecham	618	−2
17	F.P.	15/12	26/1	20¼	18½	Boulton (Wm.)	19½	−½
350	F.P.	5/12	21/12	414	376	Brown (J.)	376	−4
67	F.P.	29/11	5/1	77	71	Carpet-Neill	71	−2½
105	F.P.	15/12	12/1	113	107	Clifford (Chas.)	111	......
98	F.P.	15/12	12/1	107½	101	Dixon (D.)	102	+1
45	Nil	3/1	9/2	3pm	2pm	Foster (John)	3pm	+½
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	142	−3
125	Nil	15/12	12/1	36pm	29pm	M.L. Holdings	29pm	−1
250	Nil	3/1	9/2	70pm	54pm	Metal Box	54pm	−2
185	Nil	18/12	10/1	40pm	25pm	Stothert & Pitt	40pm	......
62	Nil	18/12	15/1	14pm	5pm	Tern Consulate	12pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Thur., Dec. 14, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Dec. 13 Index No.	Tues., Dec. 12 Index No.	Mon., Dec. 11 Index No.	Fri., Dec. 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	235.30	−0.5	16.99	5.51	8.07	236.54	239.63	241.91	241.05	208.76
2	Building Materials (27)	204.24	−0.4	18.34	6.29	7.51	205.15	209.10	210.92	210.46	183.55
3	Contracting, Construction (28)	368.84	−1.0	20.61	4.40	6.97	372.49	380.30	384.89	382.76	319.22
4	Electricals (15)	556.73	−0.3	13.46	3.40	10.23	558.58	564.97	570.67	564.90	437.82
5	Engineering Contractors (14)	365.07	−0.4	17.86	5.91	7.62	366.63	370.56	372.32	371.22	284.48
6	Mechanical Engineering (72)	182.86	−0.7	18.44	6.14	7.24	184.11	186.23	187.79	187.87	156.02
8	Metals and Metal Forming (16)	161.27	−0.4	16.94	8.86	8.20	161.99	162.95	165.05	165.34	156.55
	CONSUMER GOODS										
11	(DURABLE) (53)	209.86	−0.4	16.78	5.11	7.94	210.65	213.18	215.70	213.57	184.58
12	Lt. Electronics, Radio, TV (16)	264.63	−0.3	14.08	3.88	9.96	265.38	269.27	272.45	268.34	219.87
13	Household Goods (12)	169.06	−0.1	17.86	6.73	7.68	169.21	171.04	171.90	171.21	179.30
14	Motors and Distributors (25)	121.61	−0.6	21.34	6.92	5.88	122.34	123.27	124.92	124.66	112.45
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	209.47	−0.2	16.01	6.02	8.41	209.79	212.31	214.88	213.55	197.74
22	Breweries (14)	232.51	+0.2	14.59	6.15	9.54	232.04	234.57	236.19	234.87	231.89
23	Wines and Spirits (6)	287.14	+1.6	15.34	5.01	9.57	282.64	285.98	289.52	288.09	236.69
24	Entertainment, Catering (17)	269.28	−1.0	13.77	6.54	10.59	272.04	274.56	276.77	273.41	245.87
25	Food Manufacturing (19)	201.81	−0.4	18.82	5.58	7.06	202.69	206.30	208.73	208.68	198.00
26	Food Retailing (15)	227.05	+0.1	13.84	5.21	10.11	226.71	229.65	233.29	229.69	203.60
32	Newspapers, Publishing (12)	377.54	−0.2	21.30	6.43	6.62	378.23	379.66	379.21	375.96	328.38
33	Packaging and Paper (15)	131.42	−0.5	19.39	8.01	6.73	132.12	132.99	134.31	134.89	123.46
34	Stores (40)	195.34	−0.1	12.04	4.84	11.95	195.36	197.66	199.08	199.35	189.26
35	Textiles (24)	181.46	−0.5	17.67	8.04	7.33	182.38	183.32	184.20	183.61	167.78
36	Tobaccos (3)	236.00	−0.2	23.51	7.95	5.03	236.50	240.89	242.83	242.22	217.89
37	Toys and Games (6)	93.99	+0.6	23.48	6.88	5.02	93.45	94.47	95.38	95.58	97.73
41	OTHER GROUPS (99)	195.85	−0.3	15.98	6.33	8.03	196.51	199.27	201.04	200.53	190.13
42	Chemicals (19)	279.20	−0.3	16.38	6.77	7.94	279.96	283.20	285.46	285.20	259.46
43	Pharmaceutical Products (7)	242.60	−0.2	11.44	4.79	10.59	243.08	247.48	250.55	250.73	[illegible]
44	Office Equipment (6)	128.17	−0.9	18.96	5.95	6.29	129.35	132.29	133.45	134.19	123.37
45	Shipping (10)	408.91	+0.3	14.79	7.43	8.58	407.80	410.56	417.20	418.55	458.51
46	Miscellaneous (57)	212.35	−0.5	18.02	6.78	7.33	213.35	216.29	217.62	215.68	198.07
49	INDUSTRIAL GROUP (495)	219.34	−0.3	16.31	5.90	8.19	220.02	222.83	224.84	224.09	202.41
51	Oils (5)	516.95	—	13.52	3.89	8.03	517.82	516.43	519.85	524.52	478.37
59	500 SHARE INDEX	244.00	−0.3	15.88	5.59	8.17	244.64	247.24	249.33	249.02	225.23
61	FINANCIAL GROUP (100)	168.22	−0.1	—	5.81	—	168.47	170.55	171.92	171.94	164.70
62	Banks (6)	197.64	+0.6	23.62	5.96	6.35	196.48	199.79	202.21	201.18	185.82
63	Discount Houses (10)	216.92	−0.6	—	8.16	—	218.28	218.74	217.48	216.07	206.23
64	Hire Purchase (5)	156.00	+0.5	15.62	5.30	8.45	155.26	159.13	155.78	154.87	161.51
65	Insurance (Life) (10)	133.91	−1.1	—	7.01	—	135.35	136.62	138.73	141.80	135.58
66	Insurance (Composite) (7)	122.64	−0.4	—	7.15	—	123.13	125.40	126.89	127.08	131.78
67	Insurance Brokers (10)	312.29	−0.5	15.31	5.36	9.32	313.78	314.66	317.72	320.95	331.17
68	Merchant Banks (14)	77.92	−0.5	—	6.29	—	78.34	79.19	79.09	79.10	80.62
69	Property (31)	266.02	−0.1	3.60	2.87	46.06	266.30	268.39	268.61	266.45	228.64
70	Miscellaneous (7)	111.56	−0.8	22.68	7.43	5.71	112.46	111.71	111.23	111.36	104.58
71	Investment Trusts (50)	207.25	−0.7	—	5.08	—	208.67	211.45	211.71	212.13	203.32
81	Mining Finance (4)	103.05	+0.3	18.24	6.91	6.75	102.72	104.73	103.04	102.77	88.60
91	Overseas Traders (19)	298.13	−0.7	16.46	7.86	7.61	300.28	301.91	301.38	301.19	276.90
99	ALL-SHARE INDEX (673)	223.28	−0.3	—	5.68	—	223.87	226.35	228.02	227.82	208.53

FIXED INTEREST PRICE INDICES

	British Government	Thur., Dec. 14	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.74	−0.15	—	9.19
2	5-15 years	110.90	−0.15	—	10.45
3	Over 15 years	116.75	−0.14	—	12.79
4	Irredeemables	122.34	−0.05	—	13.54
5	All stocks	109.65	−0.14	—	10.89

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thur., Dec. 14	Wed., Dec. 13	Year ago (approx.)
1	Low Coupons	5 years	9.68	9.64	7.24
2		15 years	11.46	11.41	9.81
3		25 years	12.19	12.14	10.10
4	Medium Coupons	5 years	12.68	12.56	9.68
5		15 years	12.71	12.69	10.51
6		25 years	12.71	12.69	10.66
7	High Coupons	5 years	12.65	12.59	10.27
8		15 years	13.27	13.25	11.13
9		25 years	13.31	13.28	11.48
10	Irredeemables		12.01	12.00	10.74

		Thurs., Dec. 14 Index No.	Thurs., Dec. 14 Yield %	Wed. Dec. 13	Tues. Dec. 12	Mon. Dec. 11	Fri. Dec. 8	Thurs. Dec. 7	Wed. Dec. 6	Tues. Dec. 5	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.09	‡13.46	55.09	55.09	55.08	55.02	55.02	55.21	55.21	51.77
16	Investment Trust Prefs. (15)	50.96	13.72	50.91	50.87	51.15	51.13	51.13	51.16	51.16	55.60
17	Coml. and Indl. Prefs. (20)	72.41	12.96	72.38	72.17	71.85	71.98	71.44	71.86	71.86	76.72

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	96.0	101.0	-0.1	7.47
Abbey Capital	34.3	36.5	-0.3	4.41
Abbey Income	40.9	43.5		6.27
Abbey Inv. Tst. Fd.	35.8	38.1	-0.4	4.74
Abbey Gen. Tst.	46.6	49.6	-0.1	4.42
Equitas Prog. Tst.	66.3	69.9	-0.3	4.75

Allied Hambro Group♥ (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	67.4	72.1	-0.2	5.62
Brit. Inds. Fund	64.0	68.5	-0.2	5.49
Grth. & Inc.	37.3	39.9	-0.1	5.26
Elect. & Ind. Dev.	34.9	37.3	-0.3	4.75
Allied Capital	69.6	74.5	-0.3	4.56
Hambro Fund	107.5	115.0	-0.6	5.43
Hambro Acc. Fd.	123.7	132.4	-0.4	4.87
Income Funds				
High Yield Fd.	73.0	78.2	-0.1	8.06
High Income	66.7	71.4	-0.4	7.80
A.H. Eq. Inc.	40.0	42.8	-0.1	7.37
International Funds				
International	25.8	27.6	-0.2	2.46
Pacific Fund	44.1	47.2		2.12
Secs. Of America	50.5	54.1	-0.5	2.13
U.S.A. Exempt♦	89.9	94.7	-0.8	2.32
Specialist Funds				
Smaller Co.'s Fd.	37.8	40.4		4.58
2nd Smlr. Co's Fd.	48.3	51.7	-0.1	4.60
Recovery Sits.	97.3	104.2	-0.6	4.96
Met. Min. & C'dty.	39.7	42.5	-0.2	5.39
Overseas Earnings	57.9	62.0	-0.3	4.65
Expt. Smlr. Co's.♦	60.2	63.4	-0.3	5.13

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	50.8	54.5		5.28

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	165	175		9.72

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

**High Yield	45.3	48.8	-0.7	12.88
**(Accum. Units)	66.9	72.0	-1.0	12.70
Extra Income Fd.	106.9	115.0	-0.4	10.70
High Inc. Fund	42.1	45.3	-0.1	8.83
♦(Accum. Units)	58.6	63.1	-0.2	8.82
(8½% W'drwl. Uts.)	56.0	60.3	-0.2	8.82
Preference Fund	25.2	27.2	+0.1	12.08
(Accum. Units)	39.1	42.1	+0.1	12.13
Capital Fund	19.2	20.7		
Commodity Fund	59.8	63.9	-0.2	5.91
(Accum. Units)	85.0	92.5	-0.3	5.90
(10% W'drwl. U.)	49.2	53.7	-0.3	5.90
Fin.&Prop.Fd.	17.2	18.5		2.90
Giants Fund	36.8	39.8	-0.1	2.26
(Accum. Units)	43.1	46.6	-0.2	2.26
Growth Fund	32.4	35.0	-0.2	2.53
(Accum. Units)	38.8	42.0	-0.2	2.53
Smaller Co's Fd.	28.0	30.2	-0.2	4.17
Eastern & Intl. Fd.	23.3	25.1	+0.1	1.39
(6% W'drwl. Uts.)	17.8	19.2	+0.1	1.39
Foreign Fd.	78.8	84.8		1.70
N. Amer. & Int. Fd.	27.5	29.6	-0.1	1.00

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	82.6	87.9	-0.5	6.10

Prices at Dec. 14. Next sub. day Dec. 21.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	30.7	33.2	-0.3	0.76
Do. Aust. Acc.	72.9	78.8	-0.3	1.81
Do. Aust. Inc.	57.0	61.6	-0.3	1.81
Do. Capital	67.4	72.9	-0.1	4.58
Do. Exempt Tst.	110.6	115.2	-0.1	6.43
Do. Extra Income	28.9	31.2	-0.1	8.55
Do. Financial	61.6	66.6	-0.3	5.11
Do. 500	77.0	83.2	-0.2	6.06
Do. General	32.5	35.1		6.09
Do. Growth Acc.	42.4	45.8	-0.3	4.30
Do. Income Tst.	86.7	93.7	-0.3	6.39
*Do. Prf. A'ns. Tst.	146.6	154.3		5.17

[illegible]

Framlington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6971

American	45.4	49.0		1.14
Capital Tst.	133.8	142.2	-0.6	3.41
Income Tst.	108.4	115.2	-1.6	6.71
Int. Growth Fd.	113.6	120.8	-1.6	2.18
Do. Accum.	118.2	125.6	-1.8	2.18

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	44.1	47.1	-0.8	4.63
Do. Accum.	56.9	60.8	-2.3	4.63

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD. 01-628 8131

G.T. Cap. Inc.	83.5	89.1		3.50
Do. Acc.	100.6	107.2		3.50
G.T. Inc. Fd. Un.	156.3	166.2		8.60
G.T. U.S. & Gen.	123.0	130.8		3.00
G.T. Japan & Gen.	90.2	96.1		1.20
♦Gt. Pens. Ex. Fd.	136.6	143.4		3.70
G.T. Int'l. Fund	147.5	156.9		2.00
G.T. Four Yds. Fd.	54.2	57.6		7.60

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	32.9	35.1	-0.1	4.73

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-283 3531

(z)American Tst.	24.4	26.2	-0.3	0.30
British Tst. (Acc.)	57.2	61.2	-0.6	3.64
Commodity Share	145.6	156.5	-0.9	4.48
Extra Income Tst.	25.1	27.0	-0.1	8.58
(z)Far East Trust	34.5	37.1	-0.2	0.43
High Income Tst.	60.0	64.5	-0.2	9.02
Income Fund	75.3	80.9	-0.4	7.00
Ins. Agencies	16.77	17.63	-0.09	3.73
Intl. Exempt Fd.	89.2	96.0	-0.2	7.09
(z)Intl. Tst. (Acc.)	30.7	33.0		0.84

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

(a) A.G. Income*	42.5	46.2		9.00
(a) A.G. Growth††	39.9	43.4		4.80
(a)A. G. Far East*	25.0	27.2		0.80

Dealing *Tues. ††Wed.

Govett (John)♥
77 London Wall, EC2 01-588 5620

S'hlr. Dec. 1	133.2	140.4		2.05
Do. Accum. Unit	161.7	170.4		2.05

Next dealing day Dec. 15.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Brington Dec. 13	220.6	232.0		4.90
(Accum. Units)	242.1	253.0		4.90
Bing.H.Yd.Dec. 14	178.9	187.4	-1.5	8.87
(Accum. Units)	212.7	222.8	-1.7	8.87
Endeav. Dec. 12	226.5	237.2		2.98
(Accum. Units)	236.2	247.4		2.98
Grachstr. Dec. 8	90.7	94.7		3.06
(Accum. Units)	95.2	99.3		3.06
Ln.&Brsls. Dec. 13	71.3	74.4		4.52
(Accum. Units)	74.9	78.2		4.52

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN 01-628 8011

(ag) Guardhill Tst.	93.7	97.0	-0.3	4.33

Henderson Administration♥ (a)(c)(g)
Premier UT Admin., 5 Rayleigh Road, Hutton, Brentwood, Essex. 0277-217238

U.K. Funds				
Cabot Recovery	47.7	50.2	-0.4	5.97
Cap. Growth Inc.	46.5	49.4	-0.4	2.92
Cap. Growth Acc.	47.6	50.7	-0.3	2.92
Income & Assets	33.6	35.8	-0.2	6.30
High Income Funds				
High Income	63.2	67.6	-0.3	7.94
Cabot Extra Inc.	56.5	60.5	-0.3	8.87
Cabot Pref.&Gilt	48.7	51.3		12.04
Sector Funds				
Financial & ITU	25.9	27.6	-0.1	3.40
Oil & Nat. Res.	27.6	29.4		1.87
International				
Cabot	92.2	98.6	-0.5	2.48

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

CORAL INDEX: Close 476-481

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

[illegible]

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	1978 Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	23½	......	—	—
41	33	Do. 5pc Pref.	39xd	......	—	—
98	98	Chilean Mixed	98	......	—	f3.10
415	350	German Yng. 4½pc.	415	+4	4½	—
54	46	Greek 7pc Ass.	50	......	3½	f7.20
51	46	Do 6pc 28 Stab. Ass..	49	......	6	f6.24
44	40	Do 4pc Mixed Ass...	40	......	4	f5.13

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 35¾% (based on US$1.9755 per £).
Conversion factor 0.7332 (0.7271)

CANADIANS

[illegible]

S.E. List Premium 35¾% (based on $2.3378 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

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[illegible]

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ENGINEERING MACHINE TOOLS

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[illegible]

FOOD, GROCERIES, ETC.

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FOOD, GROCERIES—Cont.

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HOTELS AND CATERERS

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FINANCIAL TIMES

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EASTERN RAND

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FAR WEST RAND

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AUSTRALIAN

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TINS

[illegible]

COPPER

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MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$10⅞	−⅛	Q170c	1.8	18.0
$11⅛	830c	East Drie R1	890c	......	†Q78c	1.7	10.1
585c	330c	East Rand Prp. R1	375c	......	—	—	—
$28⅛	$16½	F.S. Geduld 50c	$18¼	......	Q315c	ϕ	19.9
$15⅛	975c	Pres. Brand 50c	$10⅞	−⅛	Q150c	ϕ	15.9
$13⅛	900c	St. Helena R1	988c	......	Q190c	ϕ	22.2
465c	313c	Stilfontein 50c	420c	+5	†Q22c	2.3	6.0
$17⅞	$16¼	Vaal Reefs 50c	$17⅛	−⅛	Q115c	3.3	7.7
$37	$25	West Drie R1	$29¾	−¼	Q385c	1.7	15.2
$31¼	$19	West Hldgs. 50c	$21	−¼	Q415c	ϕ	22.8
$12½	895c	Western Deep R2	$10¼	−⅛	Q82.5c	2.4	9.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ≠ Not comparable.
- ♣ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✱ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

" Recent Issues " and " Rights " Page 28

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	55	......
Ash Spinning	67	......	Sheff. Refrsbmt	67	......
Bertam	15	......	Sindall (Wm.)	117	......
Bdg'wtr. Est. 50p	323	......			
Clover Croft	28	......	**IRISH**		
Craig & Rose £1	615xd	......			
Dyson (R. A.) A	35	......	Conv. 9% '80/82	£98	......
Ellis & McHdy	65	......	Alliance Gas	97	......
Evered	23	......	Arnott	350xd	......

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday December 15 1978

£72m deficit on balance of payments

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CURRENT account of Britain's balance of payments slipped back into deficit last month, continuing this year's pattern of sharp month-to-month fluctuations.

The underlying trend is obscured by the impact of the Ford dispute. But the growth of export volume has apparently slackened after the rapid expansion of the late summer and imports, especially of finished manufactured goods, have remained buoyant.

The current account deficit was £72m in November, compared with a surplus of £217m in the previous month. Around two-thirds of the deterioration can be explained by movements in the more erratic items, such as ships, aircraft and precious stones, and in trade in oil and by the impact of the Ford dispute.

BALANCE OF PAYMENTS
£m (seasonally adjusted)

1978	Visible trade	Invisibles	Current account
1st	−642	+229	−413
2nd	−182	+308	+126
3rd	−342	+316	−26
June	−111	+103	−8
July	−152	+105	−47
Aug.	+46	+106	+152
Sept.	−236	+105	−131
Oct.	+97	+120*	+217
Nov.	−192	+120*	−72

* provisional

Source: Department of Trade

Oil imports

Imports of oil rose by £42m last month, partly perhaps because of some pre-emptive stockbuilding ahead of this month's meeting of oil-producing states. The Ford strike is estimated to have resulted in a deterioration of about £95m compared with October.

In addition, purchases of food rose by about £100m in November following a sharp fall in the previous month.

So far this year the cumulative current account deficit is £168m. This suggests that the overall outturn in 1978 will not be far from the deficit of £250m forecast for 1978 by the Treasury last month, though this contrasts with the surplus of £1.5bn projected a year ago.

The overall picture confirms the comment in yesterday's Bank of England bulletin that this year's figures are relatively disappointing, given the large assistance from North Sea oil.

The official expectation is that the current account in 1979 will be in either a small surplus (the Bank) or a small deficit (the Treasury) with around £1bn of additional benefit from North Sea oil.

Surveys of export prospects point to a continued growth in volume though there has been an unexpected slowdown in expansion in the last couple of months, partly because of the Ford strike.

Nevertheless the volume of manufactured exports (excluding erratic items) in the last three months was 5¼ per cent higher than the average for 1977. Total export volume was 9½ per cent higher on the same basis, boosted by sales of oil.

The import outlook is less reassuring. Excluding erratic items, volume was 5½ per cent up in the September-to-November quarter compared with the previous three months and up by 13½ per cent compared with the average for 1977.

The unexpected feature this year has been the high level of imports of industrial materials—up 3½ per cent in volume in the last three months and 15 per cent above the average level of 1977.

The most rapid recent growth has been in imports of finished manufactured goods—up 8 per cent in the last three months in spite of the slower expansion of consumer spending.

Tables Page 6

Gilts sales cut month's increase in money supply

BY DAVID FREUD

THE MONEY supply increased by only a small amount last month, mainly because of heavy sales of gilt-edged stock.

Figures published by the Bank of England yesterday suggest that the strong underlying demand for credit evident since March had eased off.

Bank lending to the private sector increased only moderately, while there was some reversal of the previous switch toward other forms of credit, caused by the official "corset" restrictions on the banks.

In the month to mid-November sterling M3, the broader measure of money supply, including cash, current and seven-day deposit accounts, increased by £103m after seasonal adjustment, a rise of 0.2 per cent.

This was in line with general expectations in the City after last week's banking figures.

A major factor keeping down the increase in M3 was sales of gilts totalling £790m net in the month to mid-November. Most sales followed the 2.5-point jump in minimum lending rate to 12.5 per cent on November 9.

The increase in sterling M3 in the first seven months of the financial year was 3.8 per cent, equivalent to an annual rate of about 6½ per cent.

This takes the rate of expansion even further below the 8 to 12 per cent target range for monetary growth, effectively tightened slightly last month when it was rolled forward until next October.

The figures for M3 were mirrored by those for money stock on the narrower definition, M1, which includes only cash and current accounts. These fell by £61m, or 0.2 per cent after seasonal adjustment.

Bank lending to the private sector in sterling increased by £360m last month, slightly more than the £327m in October, but well down on rates of growth in the early summer.

Total domestic credit expanded by £106m after seasonal adjustments in the month to mid-November.

The central Government borrowing requirement, £847m, was higher than expected. It was well up on last month's figure of £526m, but below September's exceptional £1.22bn.

There were heavy net surrenders of certificates of tax deposits for the first time since February. From a net take-up of £153m in October there was a turnround of more than £400m to total net surrenders of £251m in November.

Tables Page 6

Customs studies ending VAT in traders' deals

BY DAVID FREUD

THE CUSTOMS and Excise is investigating whether value-added tax can be eliminated in transactions between registered traders.

Such a change would make indirect tax on goods and services almost the same as purchase tax, which VAT replaced in 1973.

A review of VAT by the Customs and Excise Commissioners, presented to Parliament yesterday, said that that was the only significant change in the structure and operation of the tax that arose in its evidence.

The review said: "This proposal is currently being examined by representatives of the Department and major trade and professional bodies."

Among the bodies arguing that VAT should be eliminated between registered traders was the Consultative Committee of Accountancy Bodies.

In March it said: "Although VAT is a tax on final consumer expenditure, because of the remittance and recovery procedure at each stage it becomes an administrative burden which could be almost entirely avoided."

It considered that VAT collection should be confined largely to those selling to taxable consumers, doing away with much needless paperwork by industry and checking by Customs.

Ferry fares to rise

BRITISH RAIL Shipping and International Services Division is to increase passenger fares, accompanied car rates, and cabin and berth charges on its Northern Ireland and some estuarial services.

The increases vary according to route and service, and will apply from January 1 for motorists and their cars, and from January 7 for port-to-port and rail/sea passengers.

Season tickets for periods exceeding one month for use before January 7 will reflect the increase.

Britain to meet OPEC delegation

By Hugh O'Shaughnessy

BRITAIN AND other oil exporters who are not members of the Organisation of Oil Exporting Countries are to meet an OPEC delegation to map out areas of common interest and possible future co-operation.

The meeting arises from an OPEC initiative, and will be held in London in February.

Mexico, Canada and Norway are interested in attending but a British suggestion that West Germany should also take part — although it is not an oil exporter — has not been agreed.

The OPEC delegation would include Sheikh Ahmed Yaki Yamani, the Saudi oil minister, Sheikh Ali al-Khalifa al-Sabah, the Kuwaiti oil minister and Sr Valentin Hernandez Acosta, the Venezuelan Minister of Energy Resources. The host would be Mr. Anthony Wedgwood Benn, the Energy Secretary.

The OPEC countries have made no secret of their interest in closer co-operation with other oil exporters. Some OPEC countries would welcome exporters such as Britain as full members of the Organisation.

Unwieldy

Others feel that the entry of new members would make their group even more unwieldy and make the task of reaching an OPEC consensus more difficult.

Mexico, which has often been approached by OPEC members about joining the Organisation, has signified that it would not want to accede yet.

The Mexicans have nevertheless guaranteed that they will not undercut OPEC prices, though they have added that they would be unwilling to go along with any OPEC price increase decreed for reasons connected solely with the political situation in the Middle East. British ministers have been passing — and often jocular—reference to UK membership.

Britain as a member of the International Energy Agency, the club of oil consumers, would find it difficult to contract any formal relationship with OPEC.

OPEC tackles oil price in subdued mood Page 22

Ford to receive £150m State aid

By John Elliott, Industrial Editor

THE GOVERNMENT officially announced yesterday that Ford Motor is to receive nearly £150m in State aid towards investment in the UK, for developing a range of light cars by 1980.

This is one of the biggest packages of industrial aid arranged by the Government, and will contribute towards the £600m cost of the light car project called Erica in the UK, some £400m of which will be spent on capital investment.

The aid is divided into £75m interest relief grants under the 1972 Industry Act's selective regional incentives, and £73m automatic regional development grants paid in assisted areas.

The total aid was announced yesterday by Mr. Alan Williams, Minister of State for Industry, who said that most of the cash would go towards Ford's new £180m Bridgend factory, near Cardiff, which will make engines for the car.

The project also involves Ford's spending £130m at its Halewood plant and a further large sum at Swansea, as well as smaller amounts at Dagenham and elsewhere.

In total, Ford is expected to invest £1bn in the UK during the next four years. The aid for the Erica project was agreed earlier this year after the personal involvement of the Prime Minister in the negotiations, and it would not have been affected by the sanctions that the Government had intended to use against the company.

Details Page 6

Tasters approve plum pudding vintage

Sir Kenneth Cork, Lord Mayor of London, receives festive kisses from (left) Staff Nurse Wendy Royds and (right) Sister Linn Green of St. Bartholomew's Hospital, London.

Sir Kenneth was one of the judges of the Financial Times' annual Christmas pudding test, when the winter crop of British plum puddings were assessed at the Savoy Hotel in London's West End.

The judges sampled pudding from such varied sources as Harrods and Marks and Spencer, Mrs. Peek and Jacksons of Piccadilly. The vintage was declared above average. The best were better than last year, but the worst were described as "awful."

Sir Kenneth presented a giant Savoy pudding to the nurses who received it on behalf of the hospital.

Details of the test will appear in tomorrow's FT.

Eagle Star car rates to go up

BY ERIC SHORT

ABOUT 800,000 motorists covered by Eagle Star Insurance, the third largest motor insurer in the UK, face higher premiums from January 1, only six months after the previous increase.

Motorists renewing their policies in the new year will find their new premiums affected by both rate increases.

The company is raising all its rates by 8 per cent. Last July, the rise was an average 12½ per cent but the actual increases varied widely because Eagle Star restructured its rates by district and type of car.

Motor insurers try to revise rates only once a year because it is fairer to policyholders and easier to administer. But if garage costs and court awards rise faster than expected, or if there are more claims than anticipated, rates have to be raised to keep the motor account in balance.

This happened during 1974 and 1975 when the high rates of inflation caused frequent rate increases. In the past three years, however, companies have been able to hold rate increases to a yearly basis. But Eagle Star's move could herald a phase of more frequent rises.

Mr. Jim Braithwaite, assistant general manager of Eagle Star responsible for motor business, said that the account had been adversely affected by three factors. Because the real price of petrol had fallen, motorists were using their cars more—leading to more claims.

But claims also were becoming more frequent because people were increasingly ignoring the speed limits and the dring-and-drive regulations. Most motor accidents happen between 10.30 pm and 2 am.

Finally, the wet summer made driving conditions difficult.

Mr. Braithwaite said the company expected many of these fatcors to continue next year. Premiums were being raised to meet a likely increase in claims. Claims cost were already 18 per cent higher than a year ago.

The two rate increases could affect a middle-aged motorist living in the London suburbs as follows: if he drives a Ford Escort and is eligible for full no claims discount, he will be paying a premium of £74.00 on renewal in January for fully comprehensive cover, compared with £60.40 last January—a rise of 22.5 per cent.

Express wins injunction

BY PHILIP BASSETT, LABOUR STAFF

EXPRESS NEWSPAPERS yesterday obtained a High Court injunction against the National Union of Journalists which orders the union to lift its instructions to Express journalists that copy from the Press Association news agency should not be handled in support of a national strike by provincial journalists.

Mr. Denis MacShane, NUJ president, said after the hearing that it opened the door to all other Fleet Street managements.

The decision by Mr. Justice Lawson has wide implications for all sympathy action in trade union disputes. The NUJ, whose national executive will meet to decide whether it will rescind the instruction or whether to appeal, will meet the TUC.

The union ordered its members at the Press Association to strike and its members on all national newspapers, TV and radio stations not to handle PA copy in support of a national strike over pay by 9,000 provincial journalists.

Express Newspapers told the court that the blacking of PA had resulted in a "poorer quality newspaper produced at greater cost and less efficiency." The group had lost 30,000 copies of its northern and Scottish editions since last week, when the blacking began.

Counsel for the NUJ said that the call to black PA copy was a straightforward decision by a union to obtain support from its members for industrial action being taken by its provincial members.

But Mr. Justice Lawson ruled that the NUJ's action was not covered by the "sympathy action" clause of the Trade Union and Labour Relations Act 1974.

The clause makes it clear that a strike call is not actionable if it is done in "contemplation or furtherance of a trade dispute." It defines a trade dispute as one between employers and workers, or workers and workers, which is connected with, in this case, terms and conditions of employment, or the physical conditions in which workers are required to work.

Mr. Justice Lawson said that under those terms the only trade dispute in the case was that between the NUJ and the Newspaper Society, not those at the relevant times between the NUJ and the PA or the NUJ and Express Newspapers. The action was therefore not covered by the clause because it was not a trade dispute.

Mr. MacShane said he and Mr. Ken Ashton, the union's general secretary, named with him as defendant in the case, would like to abide by the court order but that he doubted whether they had the power under union rules to do so. The decision to call out PA and black its copy stems directly from a policy adopted by the union's conference last year.

The blacking of PA copy by all other Fleet Street NUJ members would continue.

Continued from Page 1

Public sector unions

Union leaders argued the threat of sanctions—at least in the present round—had very little effect on company negotiations.

John Elliott writes: Leading industrialists will urge the Government during the next few days to spell out in detail the implications of yesterday's decision.

The CBI is to have talks with the Prime Minister on the broad future of the pay policy next week, possibly on Thursday.

A CBI statement said the removal of the sanctions as a prop of the pay policy would place on all concerned "the responsibility to negotiate settlements in line with the objective, which we all share, of reducing inflation."

The CBI does not believe there should be a rigid pay norm fixed by the Government, but it does consider that support should be given to a flexible interpretation of 5 per cent as a general wage rise target.

Its pay data bank, which collects details of pay settlements from companies, has shown that about three-quarters of the limited number of settlements so far reached this winter fall within the 5 per cent limit.

But the latest returns have shown a tendency to go higher.

The CBI has been in the forefront of the arguments against the Government's sanctions since their introduction more than a year ago when some companies, including James Mackie of Northern Ireland, were blacklisted.

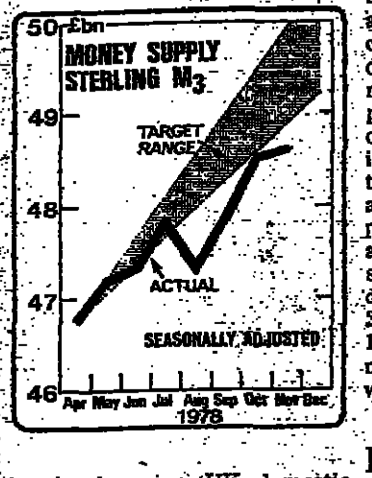
The main political battle started earlier this year when the system was extended with clauses being inserted in public sector contracts pledging companies to keep to the pay limits.

Sir John Methven, the CBI's director general, has seen the issue as one of principle involving constitutional issues, even though some of his member companies have found the threat of sanctions against their businesses a useful weapon when negotiating pay rises.

THE LEX COLUMN

Dutch auction for English Property

Index fell 2.8 to 477.9



English Property Corporation's last balance sheet showed fully diluted net assets of 91p per share, which may make the 37p cash offer from Wereldhave look like a joke in poor taste. In fact the gap between these two numbers tells more about property company accounts than it does about the cheekiness of the Dutchmen.

Last year's assets would have been 25p per share lower if a shortfall on development properties in Brussels had been taken into account. And, if one wanted to be unkind, one could knock off roughly as much again to allow for the impact of such items as mismatched loans, development commitments (notably in Nice) and the continuing revenue deficit.

Of course the financial gearing is very large, which means that a variation of 1 per cent on gross asset valuations would make a difference of more than 5p a share to fully diluted net assets. But Wereldhave has seen all the numbers in the course of talks which stretched over six months (and failed to bring agreement). EPC's shares stood at just 33p a couple of weeks ago, and although the curent bid may not be generous, it is by no means ridiculous.

Moreover EPC seems to face a long haul in the absence of a bid. It is at least arguable that its dividend policy has been too generous in recent years, and that it will have to sell off a lot of its UK assets in order to staunch the cash outflow. EPC's jobs over the next few weeks will be to persuade big shareholders like Eagle Star that it is going to be worth staying for the ride. There seems bound to be a fight but at 39p, the shares are (rightly) not counting on any bonanza.

Distillers

Distillers had just one major factor in its favour in the first half—a price rise early in the calendar year. So trading margins overall have been maintained, and pre-tax profits are 15 per cent higher at £88m. But it was one of those periods when the U.S. market was suffering from comparison with a half-year when whisky was being rushed across the Atlantic to beat a threatened U.S. dock strike. Moreover DCL appears to have suffered more than the industry in its level of U.S. shipments, and it has certainly lost market share badly in the booming UK domestic market thanks to its decision to withdraw Johnnie Walker Red. Nevertheless UK volume has still increased, and the group claims good progress in Europe and many other world markets outside the U.S.

So far in the second half the group has caught up on the U.S. volume shortfall but the dollar has been going against it and a U.S. price rise has not yet been announced (though it could be imminent). An export price rise for markets outside the EEC and the U.S. has just gone through and will help the current half-year, though the main impact will probably be delayed until next year. So while some of its smaller rivals boom, this looks like a year of consolidation for DCL, the outturn could be just over £180m pre-tax, for a prospective p/e of 8, fully taxed.

Bass Charrington

After a poor, strike-ridden first half Bass Charrington has recovered well to end the year with pre-tax profits 17 per cent higher at £105½m. At the pre-tax level the first-half increase was only 3 per cent, compared with 25 per cent in the final six months. However, if property sale surpluses are excluded the year's result is about 11 per cent better. Like Allied Breweries' results last month these figures have benefited from an extra week, and a sudden upsurge in spending on beer, wines and spirits in the last six weeks or so of the year to September. The message from Bass is that this trend is continuing strongly into the current year, thanks largely to the mild weather.

In terms of market share, Bass reckons it has pushed its share of the lager market up a little more to around 28 per cent. However, looking at the overall beer market Bass has not changed much from the 20 per cent share held at the end of last year. Nevertheless, barring unexpected interruptions, the group now seems set to achieve a reasonable advance in pre-tax profit — possibly to around £120m. This could offer score for another above-normal dividend boost after yesterday's 24 per cent increase in the 1977-1978 payout. At 171p the shares now yield about 5½ per cent, well in line with the sector.

ICL

ICL's results are even better than they may first appear to eyes accustomed to adjust for inflation. What small price rises there have been in computer products have been largely offset by exchange rate factors and the 22 per cent sales rise to £509m is almost entirely a volume increase. Pre-tax profits have risen 24 per cent to £37.5m, but, whether by accident or design, margins are still a little below the level that would trigger payments out of profits to the Government under the agreement covering its support for the group's R and D spending in 1972-76.

The group is still keen to promote rental sales, which despite their initial financing cost are thought to provide income stability in the future. But last year turnover on rentals and services grew only 16 per cent compared with a 44 per cent rise in outright purchases of equipment by customers, a world-wide trend in the computer industry that may have unsettling cyclical implications. Sales to leasing companies are being gradually phased out.

The shares have traded as low as 206p this year and the question now is to what extent the re-rating discounts the 20 per cent or so annual growth which ICL's board believes is attainable for the next few years. The fully taxed historic p/e is 8.4 but on the reported basis—boosted by what is probably an exceptionally low tax charge—falls to 5.6, but the yield at 453p is only 2.8 per cent.

Weather

UK TODAY

SUNNY intervals, showers. Colder.

London, Channel Islands, S.E., Central S., S.W. England
Showers, sunny intervals. Max. 9C (48F).

E. Anglia, E. England, E. Midlands
Rain, sunny spells. Max. 6C (43F).

Wales, Midlands, NW England, Lakes, Isle of Man
Showers, some wintry, sunny spells. Max. 7C (45F).

NE England, S, E Scotland
Cloudy, rain. Max. 6C (43F).

Highlands, Orkney Shetland
Cloudy, rain. Max. 5C (41F).

Argyll, Central Scotland, W. Isles, N. Ireland
Sunny spells showers, some wintry. Max 63C (43F).

Outlook: Sleet or snow in N. and W.; night frost.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstm.	F	8	46	Madrid	F	11	52
Athens	S	19	66	Manchstr	R	4	39
Bahrain	S	23	73	Mlbrne	C	14	57
Brclona	F	16	61	Mexico	S	16	61
Beirut	C	17	63	Milan	C	4	39
Belfast	C	3	37	Montreal	C	21	70
Belgrade	R	8	46	Moscow	R	0	32
Berlin	C	7	45	Munich	R	6	43
B'ham	C	7	45	Nwcastle	C	4	39
Bristol	F	9	48	N. York	C	3	37
Brussels	F	9	48	Oslo	Sn	−3	27
Budapest	R	4	39	Paris	F	9	48
B. Aires	S	25	77	Perth	S	26	79
Cairo	S	20	68	Prague	C	6	43
Cardiff	R	8	46	Reykjavk	F	1	34
Chicago	S	−2	28	Rio d J'o	S	29	84
Conhgn	C	5	41	Rome	C	16	61
Dublin	R	8	46	Singapre	C	28	82
Edinbrgh	R	5	41	Stckhlm	Sn	−5	23
Frankfurt	R	7	45	Strasbrg	R	8	46
Geneva	R	7	45	Sydney	C	20	68
Glasgow	C	5	41	Tehran	S	13	55
Helsinki	S	−13	9	Tel Aviv	C	18	64
H. Kong	S	21	70	Tokyo	C	12	54
Jo'burg	S	25	77	Toronto	C	−2	28
Lisbon	F	16	61	Vienna	C	8	46
London	C	10	50	Warsaw	C	4	39
Luxmbg	C	5	41	Zurich	F	6	43

HOLIDAY RESORTS

Ajaccio	C	16	61	Istanbul	S	15	59
Algiers	C	20	68	Jersey	C	9	48
Biarritz	F	14	57	Las Plms	F	21	70
Bickpool	R	3	37	Locarno	F	6	43
Bordeaux	Th	9	48	Majorca	C	19	66
Boulogne	F	10	50	Malaga	F	22	72
Casblnca	F	19	66	Malta	F	19	66
Cape T.	S	25	77	Nairobi	R	21	70
Corfu	C	18	64	Naples	C	15	59
Dubrvnk	F	15	59	Nice	F	15	59
Faro	F	17	63	Nicosia	C	19	66
Florence	F	15	59	Oporto	F	13	55
Funchal	C	21	70	Rhodes	F	19	66
Gibraltar	F	20	68	Salzburg	C	6	43
Guernsey	F	11	52	Tenerife	S	17	63
Innsbrck	C	5	41	Tunis	F	21	70
Invernss	R	6	43	Valencia	F	19	66
I. of M.	C	7	45	Venice	C	6	43

C—Cloud; F—Fair; R—Rain; S—Sun; Sn—Snow; Th—Thunder.

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